Austria ... Sch. 18	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy ...... L 1200	S. Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 100
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. DKr 7.25	Lebanon .. L£ 6.00	Sweden .. SKr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rgt 4.25	Taiwan ... NT $95
France .. FFr 6.00	Mexico .. Pes 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 180
Greece ..... Dr 60	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. NKr 8.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,405 — Friday August 24 1984 — D 8523 B

Fortress Falklands: 'no hurry to shake hands', Page 10

NEWS SUMMARY

GENERAL

Tehran station bomb kills 18

A bomb explosion near the entrance to Tehran's main railway station killed at least 18 people and injured more than 300.

The station is the main exit point for Iranian troops leaving for the southern war front with Iraq. It was not known if there were any troops among the dead and wounded.

The station was cordoned off by Revolutionary Guards shooting their guns in the air. Two little-known dissident groups claimed responsibility for the blast. Page 3

Gas deal 'cancelled'

Margaret Thatcher, UK Prime Minister, is understood to have called off a deal to pipe natural gas from the Irish republic to Northern Ireland. Page 2

Border tension

Indian and Pakistani soldiers exchanged fire on the border separating the two countries. The Indian Defence Ministry said there were some Pakistani casualties

Zaccaro denial

John Zaccaro, husband of U.S. vice-presidential candidate Geraldine Ferraro, denied that he had acted improperly in borrowing $175,000 from the $1m estate of an old lady which he was overseeing.

Israeli clampdown

Israel applied tough restrictions on travel between north Lebanon and the Israeli-occupied south, banning cars and trucks from crossing from one part of the country to the other. Page 12

West Bank ruling

A Palestinian who claims to own land on which Israel's largest West Bank settlement is being built won a temporary court order to stop building work.

Iraq air attack

Iraq said its aircraft attacked a large naval target south of Iran's Kharg Island oil terminal in the northern Gulf.

Soviet flooding

Parts of the Khabarovsk region of the Soviet Far East were under 35ft (10m) of water after torrential rains, Tass news agency reported.

Citroën layoffs

The French Government approved 1,909 redundancies at the Citroën car company, roughly 80 per cent of the layoffs originally sought by the loss-making subsidiary of the private-sector Peugeot car group.

SA low poll

About 30 per cent of South Africa's mixed-race electorate voted in a poll for a new parliament. The Government promised to continue political changes that exclude majority blacks. Page 3

Salvador death toll

The death toll in El Salvador's civil war has risen above 50,000, according to church estimates.

Dissident 'exiled'

The U.S. State Department said it had received a report that Yelena Bonner, wife of Soviet dissident Andrei Sakharov, had been sentenced to five years' internal exile for slandering the Soviet Union.

Reader wins £1m

A reader of the Sun newspaper, published in the UK by Rupert Murdoch's News International, has been named as Britain's first £1m ($1.3m) bingo prize winner.

BUSINESS

BASF doubles first-half profits

BASF, the West German chemicals concern, more than doubled first-half earnings to DM 1.25bn ($434m). Page 15

GOLD rose $6.75 on the London bullion market to $352.25. It was also higher in Frankfurt at $351.25 and in Zurich at $351.75. In New York, the Comex August settlement was $349.8. Page 28

DOLLAR lost ground in London to close at DM 2.8645 (DM 2.88), SwFr 2.3845 (SwFr 2.399), FFr 8.794 (FFr 8.84) and Y240.65 (Y241.3). On Bank of England figures, its trade-weighted index fell from 136.6 to 136.1. In New York it closed at DM 2.872, FFr 8.815, Y240.95 and SwFr 2.386. Page 29

STERLING improved against a weaker dollar, rising 30 points to $1.313. It was lower, however, at DM 3.7525 (DM 3.77), SwFr 3.1325 (SwFr 3.145), and FFr 11.555 (FFr 11.6075) and unchanged at Y316.0. Its trade-weighted index dropped to 77.9 from 78.1. In New York it closed at $1.312. Page 29

COPPER prices rose strongly in London, reaching the highest levels since the start of May, with higher-grade cash copper gaining £16.5 to £1,035 a tonne.

WALL STREET: The Dow Jones industrial average closed 0.66 up at 1,232.44. Section II

LONDON gilts and equities were again affected by the looming docks strike. The FT Industrial Ordinary index shed 6.4 to 835.2. Section II

TOKYO stock gains held a slim majority. The Nikkei-Dow market average firmed 7.23 to 10,545.55. Section II

U.S. MONEY SUPPLY: M1 fell $1.2bn in the week ending August 13.

L.M. ERICSSON, the Nordic region's largest telecommunications and electronics company, reported an increase in first-half pre-tax earnings to SKr 928m ($112m). Page 15

FIRESTONE, the world's second largest tyre maker, boosted net third-quarter operating profits to $29m, compared with $27m, although net operating profits for the nine months were sharply down from $65m to $51m. Page 14

FOKKER, Dutch aerospace group, lifted net income 64 per cent to Fl 10.41m ($3.21m) in the first half compared with Fl 6.34m in the period a year earlier.

TOTTENHAM HOTSPUR, London football club, raised profits from £168,000 to £902,000 ($1.18m) in its first year after flotation on the London Stock Exchange. Page 16

OPEL, the West German subsidiary of General Motors, went into deficit in the first half after making a DM 299m ($104m) profit in 1983. Page 15

BLUE BELL, U.S. clothing manufacturer, has agreed about a merger with a new corporation organised by Kelso, management buyout specialists. Page 14

NEDLLOYD, the Dutch shipping group, rebounded with a Fl 52.4m ($16.1m) profit for the first half compared with a Fl 72.9m loss in the corresponding period. Page 15

TWO COMPANIES have emerged as bidders in the privatisation of British Shipbuilders' Yarrow shipyard on the Upper Clyde, Scotland. Page 2

Today's international edition is published in two sections, reflecting the seasonal reduction in pagination. Companies and Markets are combined in Section II.

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

British dockers start walkout as coal ship unloads

BY OUR INDUSTRIAL AND LABOUR STAFF IN LONDON AND GLASGOW

DOCK WORKERS in ports handling three quarters of Britain's seaborne trade are expected to be called out on strike by their union today.

Britain moved to the brink of its second national docks strike within a month last night after port workers in Scotland said they would strike from 8 am today over British Steel Corporation's decision to unload a coal ship at its Hunterston terminal on the west coast of Scotland.

Port authorities around Britain said last night that dockers appeared reluctant to strike, but those in most of the 78 ports covered by the national dock labour scheme, which handle 70 per cent of seaborne trade, would probably do so if they received a clear national call.

Sir James Cleminson, president of the Confederation of British Industry (CBI), said a strike might bring nearly three quarters of British industry to a standstill within a few weeks, and put millions of pounds' worth of trade and millions of jobs in jeopardy.

A national delegate conference of the Transport and General Workers Union in London this morning is expected to call out dockers at other ports in England, Wales and Northern Ireland.

At Dover, Britain's busiest port, dockers are not due to meet until next Friday, which should allow August holiday travellers to cross the English Channel without disruption.

At Felixstowe, one of Britain's largest private ports, a union convener said his members might be "reluctant" to strike.

Tugmen and registered dock workers at the Hunterston terminal walked out when the Panamanian-registered ship Ostia was berthed and crane drivers belonging to the Iron and Steel Trades Confederation began to unload its cargo of 95,000 tonnes of coal destined for the Ravenscraig steelworks near Glasgow.

The coal is urgently needed to keep the steel works in production, but dock workers, who are supporting miners in their long-running strike over pit closures, are refusing to handle any coal shipments.

A steel union official said coal from the Ostia would keep Ravenscraig going for about a month, while BSC admitted that time was beginning to run out for the steel works. "The risk was very great. We would have run out of coal next week," BSC said.

The drift back to work continued in the UK coalfields yesterday as more miners defied the leadership of the National Union of Mineworkers (NUM). In Scotland, 154 miners were at work – two more than the previous day – while in the Yorkshire coalfield, which has seen some of the worst picketing violence this week, 16 miners reported for duty, four more than on Wednesday.

Mr Ian MacGregor, the National Coal Board (NCB) chairman, yesterday offered working miners the opportunity to receive the NCB's 5.2 per cent pay offer, outstanding since last November, by agreeing to work overtime in defiance of the NUM's ban.

He has made a series of visits to NCB areas over the past week and has told area management and pit managers to inform men in the pits that are working that a resumption of overtime working will mean an instant rise worth £6.80, bringing the faceworkers' basic up to £137.10

Continued on Page 12

Editorial comment, Page 10; Trade balance figures, Page 12

U.S. to rule on bearer repackaging of issues

BY PAUL TAYLOR IN NEW YORK

THE U.S. Treasury, bowing to political pressure in the Senate, yesterday agreed to make clear within the next 10 days its thoughts about the legal aspects of repackaged U.S. government securities sold to overseas investors in bearer form.

The move by several leading Wall Street investment banks, including Salomon Brothers, to "strip" U.S. government securities and sell certificates representing either the coupon payment (interest) or the "corpus" (principal) of the debt issues at a discount as zero-coupon obligations to foreign buyers in bearer (unregistered) form, is one of the key outstanding issues to emerge from the recent abolition of U.S. withholding taxes for overseas investors.

While the Treasury and the Internal Revenue Service (IRS) have already responded to the abolition of withholding tax by issuing new tax rules covering government debt issues, the question of repackaged securities remains one of a number of key unresolved areas.

The issue has been pushed into the limelight by the passage, on August 10, of a non-binding resolution by the Senate, which called upon the Treasury to act to the fullest extent possible under existing law to block the sale or resale in bearer form of securities backed by U.S. government issues.

Last week the Treasury, in announcing a series of measures, put off any decision on such repackaged issues, calling instead for public comments within 30 days. It also made clear that any change in the rules would affect future issues only.

The Treasury, however, said yesterday that it would submit to Congress by September 1 a report outlining the extent to which existing law and regulations allow it to prevent the sale of such securities.

Wall Street investment bankers have speculated that the Treasury will be forced to issue further clarification because of confusion about the applicability of the new Internal Revenue Service rules to repackaged government debt.

Bid to whet foreign appetite for Treasury bonds, Page 11

Petrofina abandons UK overtime pay

BY BRIAN GROOM, LABOUR STAFF, IN LONDON

PETROFINA UK, a subsidiary of the Belgian oil company, has reached a radical productivity deal with its 300 tanker drivers and depot workers which will abolish paid overtime.

It is a bold move for the overtime-hungry UK, where a third of manual employees work an average of nine hours on top of their basic week.

From September 1, Petrofina's manual distribution workers will be limited to a 37½ hour week. At present they work a 40-hour basic week plus an average of nearly 10 hours overtime at premium rates.

Petrofina will be able to require staff to work for up to 11 hours on any one day. If the 37½-hour, five-day week is exceeded, then the time must be deducted from the following week.

Some oil companies such as Petrofina and Mobil last tried to eliminate overtime in the 1960s. They eventually had to reintroduce it because of pressure from drivers for overtime earnings.

Petrofina hopes it has built in enough safeguards to prevent that happening again. If it succeeds, other companies may be tempted to follow suit.

Eliminating overtime will remove a disincentive to productive working in normal hours. Petrofina claims that staff were working inefficiently to maximise potential overtime. The deal includes improved work standards, such as faster running speeds.

To compensate for lost overtime, basic pay will rise by up to 45 per cent.

The deal will raise minimum earnings and pensionable pay. For an employee retiring after 37½ years' service, it will increase the annual pension from £5,000 to £7,000.

Jobs will be created. Six extra drivers have already been taken on. In future, peak workloads will be covered by using contractors and temporary staff, but permanent staff will be taken on if the peak is sustained.

BP corporate planning, Page 4

Setback at Novo Industri

By Our Financial Staff

NOVO INDUSTRI, the Danish enzymes and pharmaceuticals group that has seen profits grow rapidly in recent years, has turned in an unexpectedly flat performance for the first half of 1984.

Net profits are DKr 320m ($30.4m) against DKr 329m for the first half of 1983. Novo blames the setback on heavy start-up costs in Canada, stock problems and a sudden loss of sales to a big U.S. customer.

Last year the company performed strongly, to lift net profits by nearly half to DKr 704m, and step up the dividend from DKr 17 a share to DKr 20.

Sales rose by 25 per cent to DKr 3.36bn in total for 1983. So far in 1984, turnover is 12 per cent higher at DKr 1.8bn, against DKr 1.6bn a year ago.

Lex, Page 12; Danish banking results, Page 15

Madrid ready to negotiate with Eta leaders

By David White in Madrid

THE SPANISH Government has surprised the country's security forces by declaring itself ready to negotiate directly with the leadership of Eta, the Basque separatist organisation.

The Interior Ministry yesterday confirmed a report to this effect in El Pais, the leading Madrid newspaper, but said the Government was not prepared to discuss political concessions.

Any contacts would be restricted to obtaining a ceasefire and a surrender of arms in exchange for the future "re-insertion" in Spain of Eta militants willing to recognise the 1976 constitution.

The public suggestion of direct talks with Eta marks an apparent about-turn in the stance adopted by the Socialist Government since it took power in 1982.

Lt Gen José Sáenz de Santa Maria, head of the paramilitary Civil Guard, which has been the prime target of Eta's shooting and bombing attacks, said before the official confirmation that he disbelieved the news.

"I think the Government will never negotiate with terrorist criminals," he said on radio, adding: "I believe a government ought never to negotiate with a terrorist organisation."

The newspaper report said the Government did not exclude talking to Sr Txomin Iturbe, the man who is regarded as the leader of Eta's military wing and who is under surveillance in France.

Observers said the initiative might be linked to the French Government's decision earlier this month to deport the alleged second in command, Sr Eugenio Etxreveste "Antxon," to the Dominican Republic. Sr Etxreveste has been considered the most radical of the Eta leaders and the most strongly opposed to negotiating with Madrid, whereas Sr Iturbe is generally believed to be more open to the idea.

The 40-year-old Eta leader, who spent several months in prison in France in 1982-83, was moved in January to the Touraine region away from the border area. He is not among the 24 Basque militants whom Paris has sent to third countries.

Euskadiko Ezkerra, the left-wing Basque party that acted as an intermediary under the previous Madrid government in obtaining a conciliation deal with moderates in Eta's politico-miliary wing, said yesterday that the proposal was interesting and constructive.

Continued on Page 12

U.S. poised to delay textile import curbs

BY WILLIAM HALL IN WASHINGTON

THE U.S. Government is poised to delay the introduction of its controversial curbs on textile imports after a massive lobbying campaign by the world's textile exporting countries and by U.S. retailers.

The new curbs were to have taken effect in early October but were brought forward to September 7 to placate the Administration's allies representing textile-producing areas in the Southern U.S. They have caused chaos in the Far East, with exporters scrambling to ship up to $1bn of goods for the Christmas trade before the September deadline.

Many of the goods destined for the U.S. market were ordered before the announcement of the new U.S. rules which include increases in import duty and new country-of-origin stipulations. U.S. retailers have argued that if the September deadline is not changed, many importers will face serious financial loss on imported textiles no longer allowed into the U.S.

Several U.S. importers have already challenged the regulations in the Court of International Trade in New York.

While the Reagan Administration appears prepared to allow a temporary delay in the introduction of the rules, it is far from clear whether it is prepared to re-examine the whole question of the legality of the new rules, which have incensed Far Eastern countries.

U.S. textile imports jumped by 25 per cent last year and rose by another 41 per cent to 4.9bn square yards in the first six months of 1984. Imported goods account for more than a third of the U.S. market, with Taiwan, Korea, Japan, China and Hong Kong accounting for 60 per cent of the total.

Those countries have been campaigning in the U.S. and abroad to try to change the Administration's attitude. Third World producers argue that the U.S. will be violating its commitment under the Multi-Fibre Arrangement (MFA), the world agreement that covers most international trade in textiles, if it introduces the new restrictions. The General Agreement on Tariffs and Trade (Gatt) has scheduled a special meeting to discuss the proposed U.S. curbs for September 4 after protests from 28 Third World textile exporting countries.

The row is a serious embarrassment for the Reagan Administration and has allied Far Eastern manufacturing countries, U.S. textile importers and retailers, plus the agricultural lobby, against the Administration.

City Investing sells units for $1.25bn

BY PAUL TAYLOR IN NEW YORK

CITY INVESTING, the diversified New York-based group, is to sell its Rheem Manufacturing subsidiary and its two main printing units, World Color Press and Uarco, to an investor group led by Kohlberg Kravis Roberts (KKR) and Merrill Lynch Capital Markets for $1.25bn in cash.

The agreement is subject to various conditions but provides the investors group with an exclusive option to purchase the assets on substantially the same terms on or before September 26. It replaces two earlier competing leveraged buyout offers for the whole of the company.

City Investing had been due yesterday to announce its decision on an earlier $50 a share or $2.3bn cash and securities management-led leveraged-buyout proposal put forward by Merrill Lynch. That originally involved Tamco Enterprises, an investor group holding a 9 per cent stake in City Investing

City Investing was also considering a separate $52.50-a-share, $2.4bn bid from Mr Victor Posner, the Miami-based financier who also owns about 9 per cent of the company's stock.

Wall Street analysts believe that further asset sales are probable, both by the acquiring group and possibly by City Investing. Under the terms of the agreement, City Investing would still own Home Insurance, a big property-casualty insurer, a food services company, a group of house-building companies ranked together as the sixth largest in the U.S., and the Motel 6 chain.

The divisions it sold yesterday accounted for almost 29 per cent of its 1983 revenues of $5.95bn and 35 per cent of its operating income. City Investing has agreed to reinvest $100m of the sale proceeds back into the newly formed company and to use the rest to repay debt and repurchase some of its shares.

CONTENTS

EUROPEAN NEWS

Herr Erich Honecker

Honecker attends Romanian ceremony

By Leslie Colitt in East Berlin

ALONE AMONG the leaders of Eastern Europe, Herr Erich Honecker, the East German Communist Party chief and President, attended yesterday's 40th anniversary celebrations by independent-minded Romania.

East European diplomats said Herr Honecker's gesture towards Mr Nicolae Ceausescu, the Romanian President, in the absence of the other Communist leaders, underscored Herr Honecker's increasingly independent foreign policy which has come under sharp attack by Moscow.

East European leaders normally attend important anniversaries of each other's Communist takeover. The Soviet Union, however, decided to send a lesser-known Politburo member to Bucharest, signalling to its allies that attendance at the ceremonies by party and government leaders was oot requested.

China's President was in Romania for the anniversary, as Peking has long favoured Mr Ceausescu because of the resistance he effered to Moscow's policies in the past.

Herr Honecker's visit to the Romanian capital followed mere than a month in which his warmer relations with West Germany have repeatedly been criticised in the Soviet media. The East German press again responded by reprinting praise from the Hungarian Communist Party for East Germany's dialogue with the Bonn Government.

Turkish union leaders finally granted bail

BY DAVID BARCHARD IN ANKARA

NINE LEADERS of Turkey's left-wing labour confederation "Disk" were released from prison in Istanbul yesterday after a surprise decision by a martial law court.

The trade unionists are all members of "Disk's" central executive committee and had been beld in prison for 43 months since the military ordered their arrest soon after the 1980 coup.

Some 533 members of Disk are charged with attempting to use the trade union movement to overthrow the state. Death sentences are being demanded for 76 of the defendants including the chairman of Disk, Mr Abdullah Basturk. And the movement's secretary-general, Mr Fehmi Isiklar.

The trial will continue, but the prospects of the defendants eventually being acquitted now much stronger. All 533 are out of prison en bail.

The case had provoked international controversy ameng European trade unionists and in the International Confederation ef Free Trade Unions, especially in view of claims by several of the defendants that they bad been tortured. The release of the last prisoners in the case will certainly ease Turksy's strained relations with the European Community. There was no explanation for the release.

With defendants in Turkey's other most controversial political trial, that of the Turkish Peace Association expected to be released within the next week, it begins to look as if Turkey may be trying to repair its poor image on human rights' cases.

There was speculation ameng right-wing groups in Ankara that the release ef the Disk leadership could pave the way for the release of Mr Alparslan Turkes, leader of the former Nationalist Action Party and former Deputy Prime Minister, a right-wing nationalist, he has been beld in a military prison since 1980.

There is, no prospect of a revival of radical left-wing unionism in Turkey in the near future. Union powers have been severely curtailed by legislation introduced by the military and Disk was declared to have dissolved itself 18 months ago when its imprisoned leadership failed to hold the required number of executive meetings on time.

● Gen Necdet Urug, Chief of Staff of the Turkish armed forces and the commander of the Gendarmerie, flew to eastern Turkey yesterday to inspect military operations against Kurdish guerrilla groups.

A crackdown against left-wing Kurdish guerrillas has been under way since August 15 when Kurdish insurgents attacked two separate gendarme posts nearly 125 miles apart. Two soldiers were killed and about 12 injured in the attacks.

Losses close Sweden's left-wing newspaper

BY DAVID BROWN IN STOCKHOLM

THE FLAGSHIP morning daily of Sweden's left-wing, Stockhelms Tidningen, is applying for bankruptcy today after three years of consecutive losses.

The decision came after its owner, the Trades Union Council (LO) and the ruling Social Democratic Party (SAP), refused the newspaper's request to cover an expected SKr 16m ($1.9m) loss for 1984.

The decision will leave the left-wing without a voice among Stockholm'a morning papers, although the LO/SAP partnership will continue to operate a series ef other leftist papers around the country. The LO's troubled afternoon tabloid in Stockhelm Aftonbladet, will also stay open.

The morning paper, with a paid circulation of about 32,000, had already lost SKr 23m since it was revived in late 1981 during the run-up to the national elections which returned the Social Democrats to power.

The decision to seek bankruptcy rather than attempt s gradual phase-out was highly criticised en ideological grounds – not least by the paper's staff – although it is expected to save the owner up to SKr 12m.

"There is no alternative," said Mr Bo Toressen, Secretary of the Social Democratic Party. "We simply do not have the resources." He added that neither advertising revenue nor circulation had met expectations.

Mr Sven Andersson, the paper's editor-in-chief, yesterday criticised the move as a "shameful" decisioe which will "have consequences in the 1985 elections."

Stockholms Tidningen has been s forum for public debate both within the Social Democratic Party and with the non-Socialist oppositien, whose views are often represented by the conservative Svenaka Dagbladet (SvD).

Ironically, e national system of press subsidies has been unable to keep Stockholms Tidningen out of bankruptcy, although it is instrumental in the continued existence of SvD.

Formaldehyde cover-up claim by union

By Jonathan Carr in Bonn

THE West German trade union federation (DGB) has accused the Government of yielding to pressure from industry to cover up health hazards of the chemical formaldehyde.

In a statement issued yesterday the DGB said federal health and environmental protection experts reported to Bonn earlier this year that the chemical could cause cancer.

But the DGB said the Labour, Interior and Health ministers, under pressure from industry, had prevented an open discussion of the issue..

On Wednesday the Government rejected as "malicious" newspaper reports that it had sought to cover up evidence about formaldehyde

● Officials of the state prosecutor's office investigating a case of suspected fraud have searched the offices and homes of several former senior employees of Deutsche Anlage Leasing (DAL), the troubled West German leasing concern.

Joint bid to boost Norway's growth

By Fay Gjester in Oslo

THE FEDERATION of Norwegian trade unions (LO) and the country's Federation of Industry (NI) – so often on opposite sides when key political issues are being discussed – are to join forces in a drive to boost domestic industrial growth.

They will seek to convince political leaders and other influential groups that such growth is essential if Nerway is to maintain its high standard of living and avoid a lop-sided economy excessively dependent en the oil sector.

They say that money must be found for industrial training and for investment in research and development, as well as in new plant. Interest rates must come down to encourage investment.

A report by the two organisations on their aims for land-based industry marks the start of the LO/NI campaign. It sets the goal of increasing the value of Norwegian industrial output by 50 per cent, at constant prices, between now and tha end of the century – equivalent to an annual growth rate of about 3 per cent

The report concedes that a strong Norwegian krone, low productivity and high investment costs – rather than excessively high wage rates – have been mainly to blame for the deterioration in the competitive position of Norway's industry over the past 15 years.

The trend of Norwegian hourly wage rates over this period was not "significantly different," it notes, from that in the countries with which Norway chiefly competes. A far greater problem – until the 1977 and 1978 devaluatiens – was the steady rise in the value of the krone.

The LO and NI have agreed to follow up this initial survey with three jeint reports. The first will map industry's investment and capital needs until the year 2,000, assuming 3 per cent annual growth.

The second will attempt to analyse future trends in product develepment, markets and production processes, and to identify the areas in which Norwegian industry should conceetrate its efforts.

Finally, the two organisations will take a joint look at the political decision-making process in Norway.

UK NEWS

Two bidders emerge for privatisation of Yarrow shipyard

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

TWO COMPANIES have emerged as competitive bidders in the privatisation of British Shipbuilders' Yarrow shipyard on the Upper Clyde, Scotland.

Mr Robert Easton, managing director of the publicly-owned Yarrow Shipbuilders, released plans yesterday for a management/employee buyout of the yard, which specialises in building frigates.

Yarrow and Company, the privately run former owners of the yard, have also expressed an interest in buying the yard, since the Government announced its intentions last month of selling the warship yards to the private sector.

Mr Easton said he had opened talks with management at the Hall Russell shipyard at Aberdeen to encourage them to join his buyout scheme to enhance the range of shipbuilding that could be undertaken. Hall Russell builds patrol boats and smaller-sized craft.

Yarrow shipyard is one of the more successful British Shipbuilder's yards with a profit of £11m last year and a turnover of £99.6m. Mr Easton would not disclose the value of his buyout bid, although the asset value of the Scottish yard is estimated at £20.5m.

Mr Easton has encountered some resistance from trade unions at the shipyard which support overall union guidelines epposing privatisation within British Shipbuilders.

He added that the buyout could not proceed without the 4,000 blue-collar workers joining 1,500 management staff. Management plans to publish a broadsheet to staff explaining details of the plan.

Barclays Merchant Bank and Barclays Development Capital, which were involved in the management/employee buyouts of the National Freight Company and Victaulic, a British Steel subsidiary, are advising Mr Easton and his management.

Mr Easton said a number ef Scottish financial institutions bad been approached and the company was confident of raising the required amount of capital to buy the company.

The yard has six ships under construction. It has built 10 of the 12 Type 22 frigates and been appointed lead yard to build the next generation of Type 23 frigates for the Royal Navy.

Mr Iain Mann, financial director of the Glasgow-based Yarrow company, said yesterday that the company wanted to see the prospectus on the shipyard before formulating its bid.

Under an expansion plan envisaged by Mr Easton, Yarrow would also try to win submarine orders as well as other smaller orders, which might go to the Hall Russell yard.

Foden to build trucks for army

By Nick Garnett

FODEN TRUCKS has secured a contract with the Ministry of Defence to supply 333 recovery vehicles to the British army.

It is the largest order for the company since it was purchased from the receiver in 1980 by the U.S. company, Paccar. The value of the order is still being negotiated.

The vehicles, which will be built over three years, will have Perkins Eagle engines and have a lifting capacity of 25 tonnes.

Foden has been fighting hard to improve its 4.5 per cent share of the UK heavy truck market, to which it supplies custom-built high specification and high-cost trucks of 24 tonnes and above.

The factory at Sandbach, Cheshire, has a plant capacity of 120 vehicles a week on one shift, but the company sold just 800 trucks to the UK market last year as well as a small number abroad.

This, however, represents considerable progress over the position when Paccar, which builds Kenworth and Peterbilt trucks in the U.S., purchased the plant for £11m.

● Iveco UK, which imports vehicles produced by Fiat's truck-making subsidiary, will exceed last year's £2.7m pre-tax profit by a small margin, Mr Alan Fox, chief executive, said yesterday.

Dublin told 'gas deal cancelled'

BY BRENDAN KEENAN IN DUBLIN

A FORMAL letter from Mrs Margaret Thatcher, the Prime Minister, to Dr Garret FitzGerald, the Irish Prime Minister, has put paid to any lingering bepes of saving the £500m project to pipe natural gas from Dublin to Belfast.

The contents of the letter will not come before the Irish Cabinet until next week, but no one disputes that the letter confirms an earlier message from Mrs Thatcher in which she said the deal would not be commercial under the existing terms.

Dublin has refused to move from the original terms agreed last October in e memorandum of understanding. This involved e price of 26p per therm but the rise in the value of the dollar has since pushed the price to over 30p per therm.

The British Government is convinced that only a price below 20p would make for a commercial venture.

Dr FitzGerald wrote to Mrs Thatcher when the project first ran into difficulties and pointed out the adverse effect of public perception of Anglo-Irish relations in Northern Ireland.

Mrs Thatcher pointed to recent studies which suggested that the gas would be uncompetitive with coal in the later years of the 25-year project just when it would need to make surpluses to cover the expected £150m investment.

Dr FitzGerald took the view that Britain's request for a price cut of almost 50 per cent was unreasonable. He repeated that the political benefits of sueh an important cross-border venture should be taken into account.

In her letter, delivered by the British ambassador to Dublin this week, Mrs Thatcher is understood to have reaffirmed the commercial objections to the deal.

The loss of the project is a blow to the Irish republic, which could have expected to earn £20m a year from gas sales to Northern Ireland. It also calls into question the scope for cross-border cooperation, with both sides insisting that any deal must fully meet their own domestic interests.

WORLD TRADE NEWS

Japanese monopoly prepares for tobacco war

By Yoko Shibata in Tokyo

THE JAPAN Tobacco and Salt Public Corporation, which will be privatised next year, has unveiled measures to meet tougher competitien from foreign tobacco makers such as BAT of Britain and Phillip Morris and Reynelds ef the U.S. after the decontrol of tobacco imports next April.

The measures call for cuts in its local offices from 300 and redundancy fer 3,000 ef its 9,000 workers.

Japan, with a 30m smeking population, is the world'a third largest tobacco market.

Earlier this month a Bill was enacted to place the 80-year-old corporation under private management from next April despite vehament opposition by domestic tobacco farmers.

The new Japan Tobacce Industry Company will continue te monopolise production and purchase of the entire domestic tobacco crop from 100,000 Japanese farmers and will be financed 100 per cent by the Government.

However, decontrol of fereign tobacco imports marks a significant step. The tight monopoly has been the subject of U.S. criticism ever the past few years. Until several years ago, enly 10,000 retail outlets were licensed to sell foreign tobacco and cigarettes. The fereign market share has been held down to 1.8 per cent.

After negotiations with the U.S. in past years, the number of sales outlets for foreign tobacco and cigarettes has been increased te current 70,000 and the tariff en imported tebacco lower from 90 per cent to the current 20 per cent.

However, after next April's decontrol all 260,000 tebacco retail eutlets will be able to sell fereign tebacco and eigarettes.

Fereign tebacco companies have started moving branches from Hong Kong te Tokyo, or ferming jeint ventures with Japanese trading companies to expand their market share te 5 per cent ever the next few years and, eventually, te 30 per cent.

On the other hand, the new Japan Tebacce Industry Company, a mammeth group which seld 30.6bn cigarettes in 1983, bigger than Reynolds, will encounter intense competition. This is because the new company has to continue to buy the entire demestic leaf at a price three times higher than international prices.

Kenneth Gooding examines the likely impact of GM's latest Opel/Vauxhall model

Record European sales forecast for revamped Kadett

GENERAL MOTORS is to replace its best-selling model in Europe, the Opel Kadett/Vauxhall Astra, next month and expects to sell 550,000 next year—a record for any car in Europe.

The top-selling cars in Europe last year were both competiters for the Kadett: the Volkswagen Golf had sales of 442,293 while the Ford Escort had 433,793 registrations. The eld Kadett/Astra took third place with 390,375 and its sales peaked at 405,000 in 1982.

Opel, the West German group which is responsible fer GM's car development in Europe, invested DM 1.5bn (£400m) in the Kadett/Astra which has an entirely new—and much mere aerodynamic—body but uses the same mechanical units as its predecessor.

GM also spent £50m at the Ellesmere Port on Mersey-Vauxhall assembly plant at side in the UK te put the new car into prodnction, preserving 5,069 jobs there which at one time the unions believed te be threatened.

The Chevette which was produced alongside the old Astra has gone ont of prodnction leaving Ellesmere Port as a single-car facility.

If GM's ferecasts are correct, its European car sales next year would rise to over 1.3m, taking its market share above 12 per cent. At the end of 1982, GM's share was only 9.6 per cent and it had risen to 11.6 per cent by the end of the first half of this year following the launch two years ago of its mini car, the Spanish-built Opel Corsa/Vauxhall Nova.

Between 40 per cent and 45 per cent ef next year's output ef the Kadett/Astra will go to the West German market. GM also expects te improve substantially its sales in Italy, France and Spain following the launch.

In Britain, Vauxhall has ferecast sales of 98,000 new Astras next year (against 62,570 of the eld models in 1983) and says it will boost total car sales te 334,000 (262,141 in 1983) for an 18.8 per cent market share, up from 14.6 per cent last year and the ferecast 16 per cent for 1984.

The Kadett/Astra accounts fer about 35 per cent of GM's European car sales and is in the biggest sector ef the market, one which takes 33 per cent of tetal registrations.

Next year the new models are ferecast to stay well ahead of GM's Opel Asscona/Vauxhall Cavalier range whose sales are expected to be about 332,000.

As befere, the Kadett/Astra will be produeed at Bochum in West Germany and Antwerp in Belgium as well as Ellesmere Port.

Engines, modified to give improved perfermance, will come from GM plants in Germany, Austria and Australia. Transmissions will be made in France by GM with some input by Isuzu, GM's associate in Japan.

GM pulled forward by one year the introduction ef the new Kadett/Astra, which was only five years old, so as to take advantage ef new production techniques—including the so-called modular system where key elements such as the cockpit and doors are assembled away from the moving assembly line.

The new techniques will enable GM to launch all 17 versions (involving five body shapes, five engines and four transmissions as well as five different levels of trim and equipment) at the same time and to build output up to full capacity within eight weeks instead of several months.

Prices will be announced nearer the time the cars ga on sale: September 22 on the Continent and October 17 in Britain.

Opel results, Page 15

How the challenge is being mounted for a bigger market share

THE BALANCE ef power between the leading West European car producers changed fundamentally two years age when General Motors began production of its "S" car, sold as the Opel Corsa er the Vauxhall Neva.

This took GM into the small car sector for the first time, boosted its production capacity in Europe by 25 per cent, and launched the "world's largest automotive group inte Spain—where the "S" car plant is located.

Since then the European car makers have watched with increasing alarm as GM's share of their market has soared from 9.6 per cent at the end of 1982 to 11.6 per cent for the first half ef this year.

GM believes it can build and sell 550,000 new Kadett/Astras next year, putting the car far ahead of the nearest competition.

If all goes to plan, GM will sell more than 1.3m cars in Europe next year and push its market share well above 12 per cent.

GM has already overtaken Renault and next year could move ahead of the Peugeot-Citroen-Talbot group and even Velkswagen-Audi to be in close contention with its arch-rival Ford for second place behind Fiat in the European sales league.

Demand for the eld Kadett shewed few signs of fading but GM wanted to take advantage of new production technology as fast as possible, so the old Kadett's life was shortened from six to five years.

The key technique GM is using is the so-called modular system, however, Fiat Saab and Alfa Romeo will shortly begin production of tep-of-the-range models using the modular approach.

Under the modular system, workers can put the cockpit together while it is stationary rather than the usual process where they have te lie on their backs on the car floor to instal dashboard and other components while the car moves down the assembly line.

When the cockpit has been put together it is taken by robo-carrier, guided by under-floor wiring, first te a computerised electrical fault-finding centre and then on to ths assembly line.

Only 12 bolts are then required to put it into place and it can be simply plugged into the car's main electrical wiring system.

The process is made even more easy because a similar medular system is employed for the assembly of the Kadett/Astrs doers which are removed from the body after initial construction and painting.

Their remeval eliminates a majer source ef productien line congestion and inconvenience while cars are being kitted out with interier components and fittings. Computer contrel ef the whole assembly process sheuld ensure that the doors are ultimately returned te the right car.

The new system also eliminates many of the traditional bottlenecks in car assembly and smooths out the flow ef the productien lines. This should cut costs, make the Kadett cheaper to produce and, in different circumstances, enable GM te make mere profit.

The new Vauxhall Astra GL hatchback.

Hewever, Opel's executive director finance, Mr Richard Durkin, points out: "Conditions in the Europesn car markets are so competitive these days we don't expect to make more profit per unit."

The potential is certainly there, though. By building the cockpit and testing it in the new way, GM can effer custemers many more electronic eptienal extras on the new Kadett/Astra. And these are highly-profitable items.

The new techniques—including the inevitable body-welding robets and ether advanced automatien—will allew GM te boost output ef the new model to full capacity in only eight weeks where, with old-style assembly, it often took as many moeths.

The group will also be able to introduce all versions (17 of them) at ence, including top-of-the-range and sporty models which companies usually launch six to 12 moeths behind the initial introductioe and after the workforce has gaieed eneugh experieece to deal with the top-quality versions.

This pleases the GM marketing team which expects that many people will be attracted into shewrooms to moon over the mouthwatering, 126-miles-an-heur sports version but eventually will settle for more mundane models. Witheut the sports version to bring them in, the potential customers might never cross the showroom threshold.

Mr John Bagshaw, Opel's executive director, sales, service and parts, insists that tha new Kadet will do much better than the old one in West Germany—which should take 40 to 45 per cent of total output—and the Netherlands. And it will produce "a quantum leap in Kadett sales in Italy and France," he says.

The new model should also reinforce GM's entry into Spain where the Cersa so far has failed to live un to the group's best expectations because it proved to be too up-market and over-priced for Spanish taste.

In Britain, Mr John Fleming, Vauxhall's chairman, maintains he will sell 98,000 new Astras next year compared with 62,570 in 1983, enough to pnt the model in seventh place in the top-selling cars list last year.

Mr Fleming says the new Astra will heost Vauxhall's total car sales to 334,000 next year for an 18.8 per cent market share, up from14.6 per cent last year and a forecast 16 per cent in 1984.

At that point GM would be neck-and-neck with BL's Austin Rover in the race for second place behind Ford in the British market.

Most of the Astras will be assembled at the Ellesmere Port plant on Merseyside which has been equipped for the modular production system.

The new Kadett/Astra is a vitally important model for Vauxhall because its introduction justified considerable investment at Ellesmere Port and will protect more than 5,000 jobs there.

The British unions were concerned for some time about the future of the plant and what would happen when output of the old Chevette ended. GM continued with the Chevette until a few months ago.

The Chevette is a loss to Britain because its UK content was mere than 90 per cent by ex-factory value. The new Astra's content is only about 55 per cent but still qualifies as a "British" car.

Opel will produce the new Kadett at Bochum in West Germany and Antwerp in Belgium—each plant having an annual capacity of around 280,000 but Antwerp also makes the "J" car (Opel Ascona/Vauxhall Cavalier).

The new car will also help to keep GM's engine plants in Germany, Austria and Australia busy as well as its French transmissien plant.

GM has, therefore, a great deal riding on the new Kadett/Astra. And for tha most part its executives exude confidence about its prospects.

If there is some undercurrent of apprehension it arises because of the styling ef the new car which is far away from the staid, some would say booring, look of the old Kadett/Astra.

GM's design team attempted to steer a careful course between the ultra-conservative Velkswagen approach—the new Golf is very similar to the old one in looks—and that represented by Ford's Sierra, a great leap from the Taunus/Cortina which preceded it.

The less-than-ecstatic reception given to the Sierra in some markets has made some GM executives wonder if the new Kadett/Astra will run into similar difficulties.

Mr Bagshaw, giving the salesman's view, insists that the styling of the new Kadett will help change Opel's image in Germany from being a producer of mundane, value-for-money vehicles.

Mr Bagshaw has drawn up a promotional campaign for the new Kadett/Astra which will follow a common theme in every European market—a theme aimed at imparting a sporty, dynamic image, not only for the new car but also for Opel and Vauxhall.

If GM is right about the new Kadett/Astra and does sell 1.3m cars in Europe next year that should bring in a substantial profit after several lean years when the group suffered losses in Europe—$559m in 1980, $427m the following year and $228m in 1983—or a marginal profit, $6m in 1982.

National curbs 'stifle EEC trade in services'

By Our Trade Editor

TRADE IN services is the "Cinderella" of the EEC's development, even though the Community accounts for 36 per cent of world invisibles' exports and bas an annual surplus of $4.7bn, according to Herr Karl-Heinz Narjes, EEC Commissioner for the internal market.

National restrictions on internal trade in transport, insurance, banking and communicatiens were stunting the EEC'a growth potential in this increasingly important sector.

Writing in the latest issue of The Werld Economy, a quarterly published by the Trade Policy Research Centre, the Commissiener argues that these and other barriers were blocking the political goal of European unification.

"There is ne decision that could not be taken within 24 months if governments were to display the same decisiveness and willingness to make constructive compromises as they showed in the Community'a early years."

Without a free market in home products, especially high-technology goods, EEC industries could not hepe to compete worldwide, he says.

By vigorous use of the law in the last three years to fight internal protection and subsidies, the Commission had succeeded in preventing "a serious outbreak of protectionism."

Malaysia may offer flexible oil sharing

PETRONAS, the Malaysian national oil company, celebrating its tenth anniversary, said yesterday it was considering offering better production sharing terms to attract foreign oil companies to undertake exploration work, Wong Sulong reports from Kuala Lumpur.

Datuk Rastam Hadi, Petronas managing director, said what the company had in mind was to offer flexible sharing terms which would vary according to the size of the oil find.

Currently foreign oil contractors may keep up to a maximum of 41 per cent of the oil. They say this is not attractive enough for them to develop new fields with less than 30m barrels of recoverable oil. Most oil fields in the South-east Asian region are small by world standards, and most have less than 100m barrels.

OVERSEAS NEWS

Mojahedin condemns Tehran rail-station bomb killings

BY KATHLEEN EVANS IN ABU DHABI

AT LEAST 18 people were killed and more than 300 wounded, some critically, when a bomb exploded outside the main railway station in Tehran yesterday.

Ayatollah Khomeini

The bomb went off at 8.50 am, not far from the entrance to the station. The terminus is the main exit point for troops leaving for the southern war-front with Iraq, though it is not known whether there were any troops among the dead and wounded.

The station was cordoned off later by nervous Revolutionary Guards, shooting their guns into the air, observers said. The area was devastated by the blast and covered with broken glass, wrecked cars and squashed fruit from nearby street stalls.

Two obscure dissident groups claimed responsibility for the blast. But the explosion was strongly condemned by the Mojahedin, the leading opposition faction.

Arya, a monarchist faction based in Los Angeles, was the first to say that it had carried out the explosion. A man saying he was speaking on its behalf told an international news agency: "We want (Ayatollah) Khomeini (the Iranian leader) to remember our name and stop killing our people." He added: "We will continue."

Another group, hitherto unknown, calling itself the "Unit of Martyr Kalagbi" said that it was behind the attack.

In Paris, a spokesman for the Mojahedin called the attack "a blind action of no use in our fight against Khomeini." The movement says it renounced violence in favour of political and social action two years ago.

Iranians on the spot were reported to have blamed the Mojahedin yesterday but Radio Tehran confined itself to describing the explosion as the work of "agents of international arrogance."

It suggested that it was timed to distract attention from Government victories over Kurdish dissidents in the north-west of the country, and next week's anniversary of the explosion which killed Mr Mohammed Ali Rajai, then Prime Minister, in 1981.

S. African Ministers call poll acceptable

By Jim Jones in Johannesburg

SOUTH AFRICAN Cabinet Ministers yesterday said the 30 per cent poll at Wednesday's coloured elections was acceptable, while doubts grew about how representative the elections had been.

In some areas, particularly the Cape peninsula, average polls of significantly less than 10 per cent were recorded, while in some of the more remote rural districts more than half the registered voters cast their votes.

Minister of Constitutional Development and Planning, Mr Chris Heunis, said the percentage vote was "satisfactory"

The pattern of voting was predictable. The Cape Peninsula, where coloureds have a long record of political activism and which was the focus of the anti-vote campaign of the United Democratic Front (UDF), wholeheartedly turned its back on the elections.

However, the overall poll in Cape Province reached 25.8 per cent boosted by higher turnouts in the eastern and northern parts of the province.

In Natal, only 22.9 per cent of eligible voters voted, in Transvaal 38.8 per cent and in Orange Free State, where political activity is minimal, 53.5 per cent of registered voters went to the polls.

Leaders of the Labour Party which won all but four of the 80 seats in the Coloured parliament, said before the polls that they would consider a 30 per cent turnout to be a positive mandate for participation in the new political system.

The opposition UDF claimed, however, that the low turnout represented a clear victory for the boycott forces.

Indian voters go to the polls next Tuesday to choose their parliamentary representatives.

Moscow boosts navy presence in Red Sea

BY TONY WALKER IN CAIRO

THE SOVIET Union appears to be strengthening its naval presence in the Red Sea as the international hunt goes on for mines in the region.

A Russian helicopter-cruiser and destroyer arrived in Port Said on Wednesday and are thought on their way to South Yemen where the Soviet Navy has base facilities.

The Russians are believed to have three mine-sweepers operating near the mouth of the Red Sea in the Bab-el-Mandeb waterway where a number of explosions have occurred.

A naval official in Cairo identified the Russian helicopter-cruiser as the Leningrad, built in the 1960s, and equipped for submarine detection.

Jane's Fighting Ships says the Leningrad is fitted with sophisticated sonar equipment.

But the official said such equipment was not necessarily suitable for mine detection work. It was possible the Russian vessels were on routine transfer to the Soviet Union's Pacific Fleet, he added.

At least two Russian ships have been hit in the Gulf of Suez and Red Sea. A Soviet merchant vessel, the Knud Jespersen, was the first to encounter a mine just south of the Suez Canal in the Gulf of Suez on July 9. On August 6, a Russian trawler was hit in the Red Sea.

The Soviet Union has close relations with Libya which is being blamed for laying the mines. The Libyans use Soviet-supplied military equipment. Both Libya and Iran deny laying the mines.

The Suez Canal and its southern approaches are a vital strategic waterway for the Russian Navy which maintains a large presence in the Indian and Pacific Oceans. There is frequent movement between the eastern and western Soviet Union fleets.

The Soviet Union has said little about the explosions in the Gulf of Suez and Red Sea except to add its voice to suggestions by Libya and Iran that the U.S. is using the episode as an excuse to extend its influence in the region.

Meanwhile, British, French and U.S. mine-hunting and clearing efforts are continuing in the Gulf of Suez and Red Sea, and Italian minesweepers are expected within a week. The Dutch are also understood to have pledged assistance and are now preparing to send nine clearing vessels.

British and U.S. naval units have identified a number of mine-like objects on the sea bed, but as yet none of these has turned out to be a mine.

A British naval officer in Cairo said there was "a lot of junk" on the sea bed such as oil drums similar in appearance to mines when viewed on a sonar

British and U.S. naval experts agree they are searching for small "bottom" mines that detonate at the sound or turbulence of a ship passing overhead.

Mines inquiry ordered

SIG BETTINO CRAXI, Italy's Prime Minister, has ordered an investigation into manufacture and export of mines over the past 12 years. Alan Friedman reports from Milan. This follows suggestions recently that the mines planted in the Red Sea and Gulf of Suez may be of Italian origin.

A Government official said last night that since 1972 only 12 licences had been awarded to Italian companies to manufacture and export mines. None of the mines were exported to countries bordering the Gulf of Suez or Red Sea.

Talks resume between IMF and Zimbabwe

By Our Harare Correspondent

THE GOVERNMENT of Zimbabwe and the International Monetary Fund have started talks in the hope that a payment of SDR 125m of the country's suspended IMF standby facility will be released, Dr Bernard Chidzero, the Minister of Finance, has announced.

In an interview here yesterday Dr Chidzero confirmed a report by the Financial Times last week that the payment had been withheld because Zimbabwe had exceeded the deficit ceiling prescribed by the IMF. He described the IMF action as a temporary suspension.

He said negotiations had started on the possible resumption of the programme, or for a new one.

An agreement between Zimbabwe and the IMF for SDR 300m was signed last year, to help the country overcome pressing foreign debts. Only SDR 175m had been drawn by early January.

The following month Dr Chidzero produced a surprise supplementary estimate to fund pay rises, and defence spending. The increased spending sharply increased the size of the budget deficit to Z$743m (£440m) well over the ceiling agreed with the Fund.

Dr Chidzero admitted that the unavailability of the standby facility had made matters "a bit uncomfortable," but he was confident that Zimbabwe would not default

AMERICAN NEWS

Reginald Dale reports from Dallas on the sentimental double act of the Reagans

'Spectacular pizzazz by two Hollywood vets'

THE FIRST couple of the U.S. has called on years of experience to parade seemingly effortless star quality in front of delighted Republican fans in Dallas this week.

President Ronald Reagan and Vice President George Bush admire gifts of Dallas Cowboy football shirts

As Mr Reagan was triumphantly, and predictably, re-nominated by his party on Wednesday night for another four years in the White House, the President and his wife produced a double act that was both polished and sentimental, but above all lighthearted. "Spectacular pizzazz by two Hollywood veterans," said one impressed local TV commentator.

Mr Reagan, who has recently been in mild trouble for an off-the-cuff joke about "bombing Russia," showed no sign of repentance about his flippant habits. As Missouri delegates pushed the voting tally for his re-nomination over the top, Mr Reagan, who had been watching the proceedings on television in his hotel suite, kissed his wife for the cameras and exclaimed, with mock relief: "We've been sweating this out and we finally made it." Asked if he planned to accept the nomination, Mr Reagan replied: "I guess so."

The scene was relayed to the downtown convention centre via a giant closed circuit TV screen behind the podium on which Mrs Reagan had appeared only a few minutes before at the end of a special filmed tribute to her as First Lady.

While the film was dismissed as "yukky" by one European cynic in the press gallery, there were not too many cynics on a convention floor that had been turned into a riotous red, white and blue festival of campaign signs, funny hats, balloons and marching, patriotic band music.

The film of Mrs Reagan began with shots of her as a baby, included clips from her 11th and last movie, Hell Cats of the Navy in which she starred with her soon-to-be husband just before their marriage, and ended with crooning by Frank Sinatra. Accepting the tribute, she brought the faithful to their feet with an appeal to "make it one more for the Gipper." It was a paraphrase of what is probably Mr Reagan's most famous movie line, delivered in the screen role of a famous, dying American college football star, Mr George Gipp.

Mr Reagan promptly appeared on the giant screen, cheerfully waving to his wife and their applauding audience.

The performance was a perfect example of the relaxed self-confidence and optimism that the Republicans believe reflects the mood of the American people under Mr Reagan's leadership. The Democrats, under Mr Walter Mondale, have been constantly dismissed in the last few days as "whining and weak."

The popularity of what the Republicans see as a new conservatism was repeatedly underlined by the speakers who warmed up the crowd for Mr Reagan's nomination by roll call vote of the states.

Senator Barry Goldwater of Arizona, now 75, was given a prized prime time speaking spot in recognition of the founding role Republicans regard him as having played in tapping the country's new right-wing tilt—after he failed disastrously in his own White House bid 20 years ago. It was probably his last convention appearance as an elected official—he is to retire from the Senate in two years' time.

While Mr Goldwater was respectfully received, his tough speech on U.S. military policy fell short of winning the rapturous recognition he has sometimes been accorded by the party in the past.

Mr Goldwater attacked the Democrats for "saying nicer things about the Soviet Union than about our own military services," and recalled that every American war this century had been fought under Democrat presidents.

He appeared to try to shock his audience by repeating the most controversial statement of his 1964 campaign for the White House when he said that "extremism in the defence of liberty is no vice." He repeated his own 1964 campaign slogan, this time on behalf of Mr Reagan: "In your hearts, you know he's right." The Reagan White House, it was understood afterwards, was not totally thrilled by the suggestion that Mr Reagan might also be an extremist.

A more sweeping and forceful speech came from Senator Paul Laxalt of Nevada, who officially placed the name of Ronald Reagan in nomination. It was the third time that Mr Laxalt, Mr Reagan's "best friend" in the U.S. Senate has done so.

The "once great" Democratic Party, he said, had abandoned its roots and noble traditions and sunk into the "quicksand of liberalism." The Democratic leaders have now made their party the party of the left, America's version of Britain's Labour Party—it's out of touch with itself, it's out of touch with reality, it's out of touch with America."

The Democratic Party, he said was "now the home of the special interests, the social welfare complex, the anti-defence lobby, and the glitter-set, lighter-than-air Liberals — and it's getting worse every year."

That is a fair sample of the campaign rhetoric that the country is going to hear from the Republicans in the next two months. The most obvious grounds for finding fault with it is that nothing has more resembled the glitter-set than the Republicans in Dallas this week.

Admiral named as Petrobras president

By Andrew Whitley in Rio de Janeiro

ADMIRAL Thelma Dutra de Rezende has been named as the new President of Petrobras, the Brazilian state oil company. He replaces Sr Shigeaki Ueki, who resigned abruptly five weeks ago for reasons which have still not been publicly disclosed.

The choice of the 59-year-old admiral to head one of the most powerful institutions in Brazil, responsible for the fast-growing domestic oil production programme as well as being the country's leading exporter, came as a surprise.

Although he has served for the past four years as transport director for Petrobras, Admiral Rezende has no previous experience of the oil industry or of business management.

The judgment in oil industry circles yesterday was that he is a "military appointee" named to run an industry of strategic national significance.

His long-standing personal friendship with General Joao Figueiredo, Brazil's President, and the fact that Sr Cesar Cals, the Mines and Energy Minister, to whom Petrobras is nominally responsible, is also a former military man were probably decisive factors in the choice of the admiral over other favoured candidates from within the oil company.

In practice, Admiral Rezende may prove to be only a stop-gap head of Petrobras, as his post will no doubt be reviewed by the incoming government which takes office next March. The likelihood is, therefore, that pressing decisions on new investments in oil production facilities in which foreign companies play a major part will be deferred for the moment.

Mexico orders audit on state companies

BY DAVID GARDNER IN MEXICO CITY

THE MEXICAN Government is to commission an external audit on some 700 state companies and government offices as part of a bid to tighten up on efficiency and financial stringency in the public sector.

The audits, which will include the nationalised banking system and be for this fiscal year, will also inhibit corruption. This is still a major problem in Mexican public life, although the government of President Miguel de la Madrid's "moral renovation" campaign has undoubtedly lowered the threshold of corruption.

The move follows the announcement earlier this month — almost buried under the landslide of 16 recently announced sectorial five-year plans — of a "programme for administrative simplification." This is designed, ideally, to eliminate some of the misery of dealing with a bureaucracy universally recognised as obtuse, corrupt and inefficient.

The Government has set up a post box system for citizens to send in criticisms and suggestions as a way of monitoring progress. Th programme appeared to have got off to an inauspicious start for many observers, however; the Press handout announcing it, for example, contained 11 full length ministerial speeches.

Meanwhile, the Institutional Revolutionary Party (PRI), which has governed Mexico virtually unchallenged for 55 years, was due to begin its 12 national congress here yesterday.

The congress, which has taken political and moral renewal as its theme, has been called ahead of next year's mid-term election for congress and state governorships at a time when PRI's prestige has sunk to an all-time low.

In the short term, the ruling party faces little serious electoral challenge and its powers of patronage remain formidable. PRI leaders are concerned, however, to revive popular support for the party through the introduction of more democratic selection procedures which they hope will throw up natural leaders.

Managua alliance loses legal status

BY TIM COONE IN MANAGUA

THREE OPPOSITION parties in Nicaragua which failed to register for the November general elections have lost their legal status as parties.

The decision, taken by the National Committee of Political Parties, formalises the status of the three Right-wing parties which excluded themselves from the electoral campaign by their failure to register their candidates with the Supreme Electoral Council, in accordance with the electoral law, before August 4.

The three parties, the Social Christians, the Social Democrats and the Liberal Constitutionalists, are part of an alliance known as the Co-ordinadora Democratica (CD), an umbrella organisation which includes an important part of the private sector and two Right-wing trade union federations.

The CD had insisted on the government opening a dialogue with the U.S.-backed guerrillas seeking to overthrow the Left-wing Sandinista government before it would agree to participate in the elections.

The government responded by suggesting that CD include dialogue with the guerrillas as part of its electoral programme and fight the elections on that basis, a challenge which CD did not take up.

The loss of legal status by the three parties means that they cannot now hold public meetings or make public declarations in relation to the electoral campaign. They can, however, continue to exist as political groupings and their representation in the Council of State, the country's legislative body, continues unaffected until the new National Assembly is elected on November 4.

Transport strike threat to Pope's Toronto visit

By Bernard Simon in Toronto

TORONTO'S 7,700 public transport workers have voted to begin an indefinite strike on September 12, threatening to plunge the city into chaos two days before the arrival of Pope John Paul.

The strike, if it goes ahead, will bring Toronto's entire bus and subway network to a halt. The transport system, normally one of the most efficient in North America, is used by about 1.5m daily commuters who will have to walk or use cars and bicycles to reach their workplaces. Traffic congestion paralysed the city's downtown area during a four-day transport stoppage in 1978.

The workers have rejected a 5 per cent pay increase in two separate ballots. Nonetheless, mediation efforts are expected to be stepped up as the strike date approaches. A Roman Catholic cardinal has offered to act as a mediator in an effort to ensure that the transport system is operating when the Pope visits Toronto for an outdoor mass on September 14. The mass, at an airfield north of the city, is expected to draw about half a million people.

Bank team on Chile fact-finding visit

BY MARY HELEN SPOONER IN SANTIAGO

A TWO-MEMBER delegation from Manufacturers Hanover Trust, the U.S. bank heading Chile's debt renegotiating committee, has arrived in Santiago for what they describe as a fact-finding visit.

Chilean officials say the mission marks the beginning of talks to reschedule $7.23bn (£5.56bn) in foreign debt falling due from 1985 through 1987.

Chile has already renegotiated $3.4bn of its $18.6bn foreign debt due this year and last.

Sr Modesto Collados, Economy Minister, said recently that Chile would propose that its debt repayments should amount to no more than 25 per cent of the country's exports.

Officials of General Pinochet's government have also said Chile will seek $1.5bn in new commercial loans next year, nearly double the $780m borrowed to cover its external accounts this year.

The International Monetary Fund full delegation to Chile in October and bankers in Santiago say that definitive negotiations concerning Chile's 1986-88 debt schedule are unlikely to begin before the latter part of this year.

Mongolian President replaced

MOSCOW—Mongolia's President Yumzhagin Tsedenbal, in power for the past 32 years, was replaced yesterday at a meeting of the republic's ruling Communist Party, the Soviet news agency Tass reported from Ulan Bator.

The party Central Committee had released Mr Tsedenbal, 67, from his post for health reasons, it added. He had been replaced as Communist Party chief by Prime Minister Zhambyn Batmunkh.

Tass said the decision to replace Mr Tsedenbal had been taken at an extraordinary session of the party's central committee, indicating that the change of power had been decided at relatively short notice.

The meeting had expressed praise for Mr Tsedenbal's work during 40 years in the top echelons of the party and "voiced deep gratitude . . . for his outstanding services

These formulations appear to indicate that Mr Tsedenbal, who has been staunchly loyal to Moscow throughout his rule, was not in political disgrace.

When Premier Khorlogin Choibalsan died in 1952, Mr Tsedenbal succeeded him. He took the title of President of Mongolia in 1973. Reuter

Sri Lanka tightens control over army

BY JOHN ELLIOTT IN COLOMBO

THE SRI LANKAN Government is trying to strengthen the control of its security forces in the north of the island at a time when senior Ministers believe that progress is being made in talks on a political solution to solve the claims of Sri Lanka's minority Tamil community.

The army's top general has been put in direct charge of operations in Jaffna, the Tamil stronghold in the North, following widespread allegations of attacks by security forces on civilians and of the army and police refusing to deal with bank raids.

Thirty-three soldiers have been confined to barracks pending investigation of allegations of a rampage in one village.

The security forces have arrived several hours late at two bank raids in the city of Jaffna during the past two weeks, because they fear they may walk into a trap set by the extremists.

Meanwhile, there is an active debate in Sri Lanka about fears of Mrs Indira Gandhi, India's Prime Minister, ordering an invasion of the northern part of the island to help the Tamils.

In an interview yesterday, Mr Lalith Athulathmudali, the Security Minister, said that there was "tremendous apprehension" among the island's Sinhalese people, who live in the South, that Mrs Gandhi might invade.

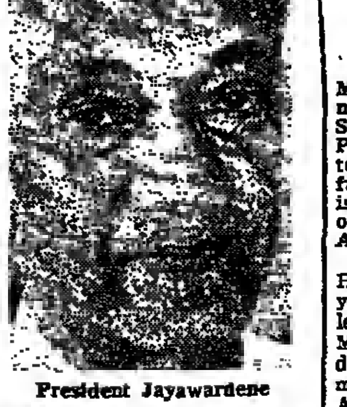
He also denied that the army and navy forces had caused damage to towns such as Velvettiturai, on the north coast, other than in battles with the extremists.

The only army rampage that the Government is admitting is at Mannar, on the north-eastern coast, earlier this month, where Muslims as well as Tamils died. Ministers are anxious to calm the local Moslem community.

More than 340 people have been dismissed from the army and navy for indiscipline in the past three years.

Mr Athulathmudali admitted that Israeli intelligence experts have been in Sri Lanka for "several months" and had so far trained about 90-100 security personnel in intelligence work.

The presence of the Israelis is causing considerable political controversy and embarrassment in the Government. This is specially significant because the involvement of Israel so close to the southern tip of India is aggravating relations with Mrs Gandhi.



President Jayawardene

The Minister also admitted that former British Army personnel are on the island training servicemen in armed combat near Colombo.

Like most Ministers and other political leaders, he believes that the majority of the Tamils will abandon calls for separatism if they are given sufficient devolved power.

Yesterday, he said that good progress was being made on discussions for a second chamber in the national parliament, which would give more recognition to regional interests.

Rama Rao threatens six-day agitation

BY K. K. SHARMA IN NEW DELHI

MR N. T. RAMA RAO, the dismissed Chief Minister of the South Indian state of Andhra Pradesh, yesterday threatened to launch a six-day agitation from tomorrow if an early date is not announced for a session of the state's Legislative Assembly.

Mr Rama Rao returned to Hyderabad, capital of Andhra, yesterday after parading 162 legislators before the President, Mr Zail Singh, on Tuesday, to demonstrate he still had a majority in the 294-member Assembly, and in support of his claim that the present Chief Minister, Mr Bhaskara Rao, had been illegally given office.

Shortly before he left, the ailing Mr Rama Rao said he had not "received justice" from the President as he had hoped. The only option open to him was to launch a movement in Andhra and tell the people of the failure of his mission to New Delhi.

If Mr Rama Rao carries out his threat, there could be further violence in Andhra, since followers of both factions of the Telegu Desam party are certain to clash when the actor-turned-politician starts campaigning. Already, 27 people have been killed in three days of violence in Andhra following the dismissal of Mr Rama Rao.

Another outbreak of violence could help Prime Minister Indira Gandhi, since she could then clamp President's Rule—direct government from New Delhi—on Andhra.

At present, the new Chief Minister is committed to call an early session of the legislature. If Mr Rama Rao can hold his followers together, he is bound to win the test of strength and this would be highly embarrassing to Mrs Gandhi and her Congress-I Party.

No date has been announced yet for the legislature session

AP adds from New Delhi: The Indian parliament approved tough new anti-terrorist legislation introduced by Mrs Gandhi's Government, which is aimed at fighting Sikh extremism in Punjab State.

The law, replacing a special Presidential decree issued last month, gives sweeping powers to the Federal Government to declare any area "terrorist affected" and to set up special courts to try persons accused of a wide range of crimes.

Border violence clouds Afghan-Pakistan talks

BY ANTHONY McDERMOTT IN GENEVA

TALKS between Afghanistan and Pakistan aimed at the ultimate withdrawal of Soviet troops from Afghanistan start in Geneva today, with diplomatic analysts sceptical of any break-through.

The talks have been overshadowed by Pakistan's charge in Wednesday that Afghan forces have killed more than 100 people this year in cross-border attacks. Mr Shah Mohammad Dost, Afghan Foreign Minister, who arrived from Kabul via Moscow, has denied the allegations.

Mr Sahabzadeh Yaquob Khan, the Pakistani Foreign Minister, with the UN mediator Mr Diego Cordobez, will pursue several key issues with the Afghan Foreign Minister. Along with the withdrawal of Soviet troops, they will discuss the terms under which Afghan refugees, who number between 2m and 3m and live in camps in the Pakistan border areas of the North-West frontier and Baluchistan provinces, might return. Finally there is the issue of the future status of the Soviet-backed government of Babrak Karmal in Kabul.

The Soviet Union justifies its continuing presence in Afghanistan with the claim that a limited contingent of Soviet troops was invited in by a friendly government—the Kabul regime of Mr Karmal.

The Soviet Union insists that the withdrawal of their forces is a bilateral issue between Moscow and Kabul.

The Soviet Union stresses the need for international guarantees to accompany the required pledges of non-interference by neighbouring countries — in effect, asking the outside world to procure the end of Afghan resistance as a precondition to Soviet withdrawal.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

THERE cannot be many more interesting jobs in town than James Ross's. As general manager of British Petroleum's corporate planning department, although not at the top tier of BP management, be is at the centre of the company's intellect.

It also just happens to be a particularly remarkable moment to occupy this seat in the world's *fifth largest industrial* enterprise. Having spent three years cutting out loss-makers, restoring its balance sheet and realigning management's focus upon profit, BP is at a turning point. Strong again and self-confident, it must decide whicb way to go. Such a situation is a corporate planner's dream.

At the same time, the notion of corporate planning itself has changed at BP, as the company bas embarked, like many other oil companies, on a strategy of "de-integration"—breaking itself up into separate business streams and chasing unit profitability, rather than being pusbed by the need to handle ever larger volumes of crude oil from Opec countries which decided in the 1970s that they could do without BP.

Ross, a Brylcreamed ex-Navy man with a taste for heavy duty formal pin-stripes, took on the corporate planning job within a month of Sir Peter Walters becoming chairman of BP in November 1981. Now 45, be joined BP in 1959 as a university apprentice and has come up through aviation, Paris, BP Zaire, BP Oil (the UK marketing and refining company) and tankers. This is a fairly typical career for a top BP planner—the company has never favoured professional planners, preferring to use people with a broad mix of BP backgrounds.

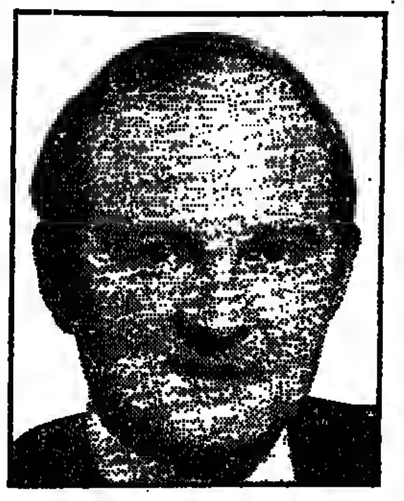
The corporate planning machine he runs is, he says, much different from the one which existed five years ago, although its re-engineering was very much a continuum between himself and his two predecessors, Colin Webster, now head of the gas business, and Bob Horton, who has risen to even greater heights as one of the company's seven managing directors with responsibility for planning and finance.

"Our corporate planning used to be the central planning of an integrated oil company. Now it is planning on behalf of the corporation," be says.

For some time, BP's planning has comprised four components:

- The conventional planners' business of understanding the environment on a 10 to 20 year horizon.

James Ross (right) is now at the centre of BP's intellect. The re-engineering of his planning department was a continuum between himself and his two predecessors—Bob Horton (below) and Colin Webster (far right) who are a group managing director and head of BP Gas, respectively.



A corporate planner's dream

Ian Hargreaves talks to a key strategist at British Petroleum

- Providing a devil's advocate think-tank for BP's seven managing directors in essessing the proposals made by the businesses to the centre.
- Allocating resources to each BP business, which is achieved by setting annual contracts between the centre and the businesses.
- Determining what shape BP should take: "should we return to our last or not? What should the balance be?"

Ross's role has been to take these concepts and build upon them, operating a planning *function which understands the* businesses and can assess them, but which does not intervene unnecessarily. It is e lighter and more flexible structure — numbers have fallen from 90 to 60 since Ross took over — for a more flexible and decentralised corporate structure.

The approach is evident even in the analysis of business environments, which Ross says his department does not force on the businesses. "We don't ram it down their throats," be says, partly because the centre does not want to give the businesses the opportunity to blame any failure to meet profit targets npon faulty central planning forecasts.

The beart of the planning relationship between business and centre, however, is the contract, whereby a business agrees to pursue a given rate of return and flow of funds. The penalty for breaking a contract is that fewer resources will be made available from the centre.

But the difficult part from the centre's point of view is to devise tests which are fair and relevant for disparate businesses: the classic conglomerate planning dilemma, although BP insists that it is e long way from becoming a conglomerate.

In the case of BP Oil International, BP's buge downstream *supply*, refining and marketing business, the aim was to convert a major loss-maker in a mature business into a cash generator for the group. Traditionally, e lot of the centre'a control of the businesses had related to their capital investment projects, which were required to overcome designated hurdles. In a period of retrenchment, that was e less useful lever anyway, but the real advantage of the three year rolling flow of funds target, says Ross, is the entonomy it gives to BPOI management.

"Capital expenditure was the prime means of control up to 1981. Now we say to BPOI, you can spend as much as you like in terms of capital expenditure, so long as you generate these funds post-investment back to the corporation. It was a major change and it is working well. Now we have to create profit targets that mean something."

Upstream oil, a successful and profitable part of BP—indeed its financial cornerstone—required a different approach. "Upstream oil people always believed that their only competition was God—geology, deep water or whatever. Now there is e clear realisation that competition is other people bidding more than you for a *licence or someone who* has better political nous and will therefore position himself better in the Sudan, or wherever."

But setting financial targets for the oil exploration business remains extremely difficult.

BP is working on a mechanism for measuring the change in value that occurs in a barrel of oil in the ground over e given period—a function of economic conditions, Opec politics, tax changes and prodnction technology—and setting against that the inputs needed to achieve a given increase in value. "The npstream," says Roger Bexon, BP's depnty chairman and head of exploration and production, "is thinking in terms of profits and not of barrels, just like the downstream no longer thinks in terms of market share."

The goal, says Ross, is to break the businesses down further into discrete parts, each with its own capital structure and with the centre acting as shareholder, but to do so without ettempting to impose a conformity of management style.

Thus, the centre wants to see BP Chemicals identify more precisely the financial structure of its three main areas of business—acetyls, polyolefins and speciality chemicals—both for internal purposes and, probably in due course, says Bob Horton, for pnblic scrutiny.

"The key in all this is to get at each business's own competitive position," says Ross. "This is an area which BP has frankly been weak on. A lot of analysis was done, but it tended to be right out in the market; it has never really been pulled together. So the conclusions have never been drawn in a strategic sense."

In order to make time for this type of detailed analysis, Ross has moved away from the rigid, annual planning timetable. Previously, he says, this was a five-legged exercise, starting with a review of the business environment, moving on to strategic issues, then a review of the strategy for "quality and direction," an updating of the five-year financial plan and completion of a one-year operating plan.

Now, full-scale strategic reviews are a two-year event—and as well as taking in markets, competition and finance, there will be strong analysis of technology, with each sector required to describe bow it is using bright ideas.

"In some respects we are trying to make planning less finance-orientated, or at least to broaden out. If planning is about forecasting bottlenecks, maybe our next shortage is not going to be money but people—specific skills, specific management. Or maybe the organisation is not right for the task that is being performed."

In Ross's view, the best way of managing the minerals business, for example—a loss-maker since the £400m purchase of Selection Trust in 1980—is unlikely to be the best way of managing the animal feed business or the detergents sector. "We have been through the pbase of thinking we were going to make a mineral company into an oil company, then realising quite bow different it was. Now we have to see where we go from there."

For the whole of BP, the same question—where to go now that the mistakes of past years have been corrected—*is* very mnch top of the agenda.

"In the late 1970s, the group was preoccupied with a so-called investment gap. We couldn't aee enough opportunities for the emerging financial strength of the group. Some of that thinking was also backed by projected growth rates which proved over-optimistic."

Today, he says, conditions are in many ways similar—"that is why the dinosaurs are eating each other on Wall Street. It is because they have not got enough good alternatives to spend their money on—like looking for oil and gas."

BP's mistakes in the last investment boom, he thinks, were a mixture of relative and absolute—in some cases more e question of paying the wrong price at the wrong time rather than making the wrong purchase. "A lot of the same analyses are re-emerging, but I believe we're unlikely to pursue the same sort of policy of diversification by acquisition and belief in the inevitability of economic growth."

BP, he says, may be returning to its last. But the last is not the same as it was in 1970. Growth will come from a mixture of organic expansion of existing businesses, through the commercialisation of research and through selective acquisition. "We're going to play tunes on those three."

Working hours

Why Petrofina is abolishing overtime

PAID OVERTIME for manual workers seemed a many-headed devil to Pierre Jungels, managing director of Petrofina UK, a subsidiary of the Belgian oil company. So on September 1, it will be abolished.

Under a far-reaching productivity deal with the Transport and General Workers' Union, the 300 tanker drivers and depot workers will be limited to 37½ bours' work a week. Hitherto they have been working an average of nearly 50 hours, including 10 hours' overtime, with some depots doing up to 58 or 59.

The system encouraged people to work inefficiently during normal bours in order to increase the amount which needed to be done in overtime, says Jungels. "It was not done out of nastiness, but because of a system which allowed e very high standard of living to be achieved only through overtime."

To compensate for loss of overtime, basic pay will rise by up to 45 per cent. Some workers who did many extra hours will see a reduction in total average earnings, but for most there will be an increase.

Overtime is e particularly British disease. In West Germany, for instance, only 2.6 per cent of engineering workers did overtime last year, and even then they everaged only two hours each a week. One-third of UK mannal workers do nearly nine bours' overtime a week.

Some oil companies like Petrofina and Mobil eliminated it in the 1960s, but it was soon reintroduced after pressure from drivers for overtime earnings. "This time we are determined not to allow it to come back," says Jungels.

According to Petrofina, inefficiencies caused by the overtime system were myriad. They included slow loading and driving times; refusal by overworked neighbouring ones; and outdated local agreements, including ones at some terminals allowing many staff to take holidays at the same time in summer, even though their summer workload had increased.

And this was et a company which considers itself the most efficient of the UK's 16 oil companies. A wave of productivity deals has swept through the industry in the past four years, but Jungels believes many companies still lag behind efficiency levels elsewhere in Europe.

Petrofina's deal includes complete flexibility and improved work standards, such as faster running speeds for tankers. Even so, the company will in the short-term recoup only 70 per cent of the increase in its manual workers' paybill, which is expected to be 12.8 per cent.

This covers not only increased pay, but also the cost of creating new jobs. Six extra drivers have been taken on so far. In future, short-term peaks of workload will be covered by contractors and temporary staff, but if the peak is sustained extra permanent staff will be recruited.

The cost also covers higher pension contributions. Pensionable pay is increased, which means that the annual pension for someone who retires after 37½ years' service will rise from £5,000 to £7,000. In future years, Petrofina may have to top up the pension fund.

Jungels believes the short-term cost is worthwhile because of long-term benefits, such as breaking down the "them and us" barrier between blue- and white-collar staff. Recently it has been difficult to promote manual workers to staff or management trainee jobs because they were loath to lose their high overtime payments.

Workers will gain from the higher guaranteed pay at times when business is thin. Petrofina tries to step up sales in profitable times and cut back when it is making a loss, so there are fluctuations in overtime levels.

A driver's former basic wage plus existing productivity bonus totalling £7,584 will be replaced by a new salary of £1,001, on top of which "unsocial hours" and other supplementary payments can be made. Another pay review will follow on January 1, putting back by 1½ months the traditional settlement date.

Brian Groom

TECHNOLOGY

EDITED BY ALAN CANE

COMPUTER AIDED DESIGN

Auto-trol re-enters the design market

AUTO-TROL a computer-aided design company in Denver, Colorado is making a new thrust into Europe in a joint venture with the Italian company Selenia.

Although Auto-trol had sought markets beyond its traditional area of architectural CAD systems and was moving from 16 to 32 blt machines to allow faster, more complex designing, the recession blt. The company wound up its direct subsidiaries in Europe in late 1981. The 1980 world turnover was about $50m.

The joint European company, formed in Italy earlier this year, is 49 per cent owned by Auto-trol and 51 per cent by Selenia. A UK subsidiary has started in Birmingham and similar companies will be set up in France, West Germany and Scandinavia by the end of the year.

Althougb the venture will be largely dependent on U.S. technology, tbe ownership percentages indicate *its determined* "European" nature. The Denver parent has emphasised that U.S. technology will be transferred with regular excbanges of tecbnical staff. In addition, the two principals have agreed thet no casb will be taken out of the company for at least five years.

Just becoming available in Europe is a system known as AGW3. The hardware is based on a high definition display (colour or monochrome), pressure sensitive menn tablet from whicb design choices are made, a detached keyboard for data entry, and a separate small monochrome screen on wbicb menu details appear.

At the heart of the system is an Apollo 32-bit computer with a "bit slice processor"—*basically a further means of* speeding up processing. Consequently, complex drawings and three-dimensional solid models can be built up with short response times between instructing the machine and the appearance of the result on the screen.

Auto-trol can now offer a wide range of software covering architecture, construction engineering and mechanical design. In manufacturing technology, there are programs thet will allow the best lit of clothing patterns on to nncut stacks of material and others that allow the development of boxes and cartons from flat sheets.

Steel 3D is a comprehensive end "intelligent" program for the design of any steel structure where there are structural members in compression and tension—for example, oil rigs, bridges, roofs and cranes for example.

To build a structure, the engineer can choose from standard "I," "U" or other beams, place them on the screen with cross hairs controlled by "roller ball" controls, and then automatically have their properties incorporated into the design.

In a matter of minutes rather than bours, various basic assemblies of beams can be constructed on the screen and duplicated at will in the complete structure. Then, the whole design can be physically loaded in any of the three axes and the computer will show in a few seconds, if any part has been stressed unacceptably. Displays will show the deformation, failed members, levels of stress. The computer will even specify the new members needed to correct the design.

Another software suite animates the cutting processes on a machine tool once a workpiece bas been designed on the screen. Timings, tool carrier clashes and other problems become apparent and correction can be made before any metal reaches the actual machine tool.

The Auto-trol claim is thet the new 32 blt systems bring the power of design and analysis previously associated with a mainframe computer down to stand-alone desk-top level.

In the UK the company won its first order, for two work-stations, from Bristol University. They will be installed in a special unit that will be shared by the mechanical and electronic engineering departments.

The system will be used for training students in the use of computer graphics, setting up a consultancy service based on the Auto-trol software, and the development of new projects in association with tbe company.

Auto-trol says it plans to capture "a lion's share" of the UK computer-aided design and manufacturing market. But with the established presence of Computervision, Applicon, GE-CAE, and the growing pressure from IBM, it may prove something of an uphill task. Auto-trol in the UK is on 021 455 7277.

GEOFFREY CHARLISH

U.S. SHUTTLE ASTRONAUTS TO SALVAGE DISABLED SPACECRAFT

Bold bid for satellite rescue

BY PETER MARSH

ENGINEERS in the U.S. are working on a set of grappling equipment for space missions that will be vital to the success of e bold bld in November to capture from the heavens two ailing satellites and return them to earth.

Insurance underwriters last week concluded separate agreements with the U.S. National Aeronautics and Space Administration and Hughes, the aerospace company, for services and hardware needed to rescue Palapa B-2, a satellite formerly owned by the Indonesian Government that is drifting in an incorrect orbit some 1,000 km above the globe.

The insurers are likely also to arrange on the same mission the salvage of e second satellite, Westar-6, which is owned by Western Union. During a disastrous flight of a space shuttle last February, the vehicles were positioned into the wrong orblts far too close to the earth.

As a result of mishaps, insurers had to pay out $180m.

As a result of the mishaps, the insurers had to pay out to the owners of the satellites e total of $180m. Led by Merrett Syndicates, a London underwriter, the compaines aim to contribute up to a further $10.5m to finance the rescue bid.

If all goes to plan, the satellites (which ere thought to be largely undamaged by the mishap earlier in the year) will be refurbished on earth and sold for up to $40m each, so cutting some of the underwriters' losses.

Over the next couple of months, engineers employed by Hughes at a control centre in El Segundo, California, will fire small thrusters on the satellites to rednce their altitudes to about 350 km above the earth. In this orbit, the vehicles will be within reach of a space sbuttle that is due to take off in November. The satellites will be in the same plane in space and trevelling round the globe separated by some 1,400 km.

Four items of hardware, now under development in the U.S., will be crucial to the success of the rescue bid. In the first step, Dr Joseph Allen, one of the crew of five on the shuttle, will drift out into space carrying a 1-metre long pole known as a capture device.

Powered by a small rocket on a back-pack, Dr Allen will travel to the first of the satellites and insert the pole in a bole in the vehicle's apogee-boost motor. (This is an engine that was due to be fired during the satellite's transfer into the geostationary orbit 36,000 km above the earth.)

Once inside the cavity, pins on the end of the device will spring out to fix the pole in position. With the capture device, the astronaut should be able to slow the spin of the satellite, which engineers at this stage think will be rotating at one revolution a minute.

Dr Anna Fisher, a second astronaut who will remain in the shuttle's crew quarters, will then take control of the shuttle's mechanical arm. The mechanism will reach out and grab the capture device, with Dr Allen and the satellite still attached, *and bring* it to the *vicinity of* the cargo bay.

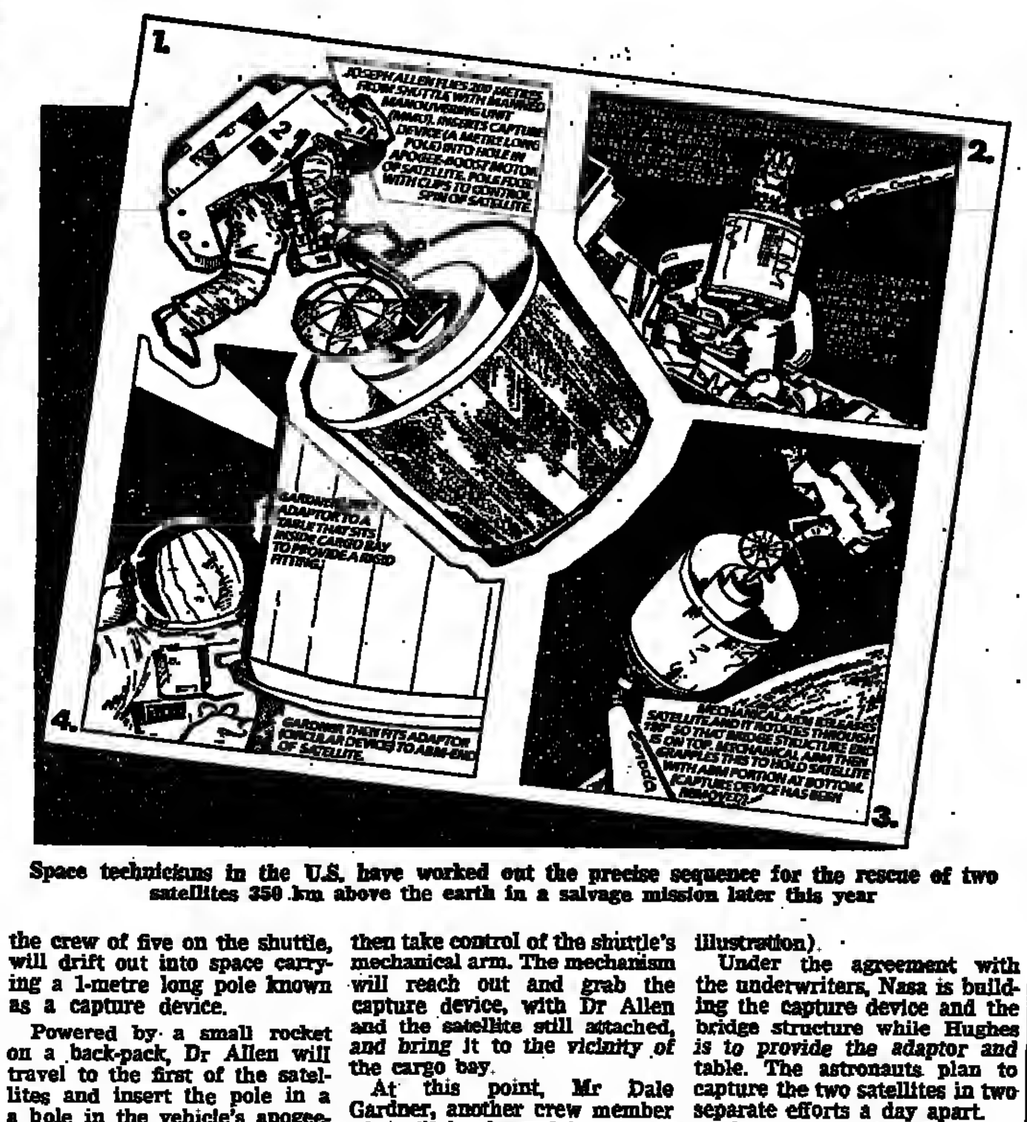
At this point, Mr Dale Gardner, another crew member who will be dressed in a space suit inside the cargo bay, will fit onto the other end of the satellite a second new item of berdware, a bridge structure that acts as a book. The mechanical arm will release the satellite and pick it up again at the other end, gripping onto the bridge structure.

In further parts of the rescue operation, Dr Allen and Mr Gardner will fix the satellite into place in the cargo bay, ready for transfer back to earth. They will use two other pieces of equipment, an adaptor and a satellite table (see illustration).

Under the agreement with the underwriters, Nasa is building the capture device and the bridge structure while Hughes *is to provide the adaptor* and table. The astronauts plan to capture the two satellites in two separate efforts a day apart.

Also part of the mission will be the deployment into space of two other satellites that the shuttle will bring from earth. These vehicles are an Anik satellite owned by the Canadian Government and a Syncom craft for Hughes.

The underwriters will have to pay Nasa a fee of $4.8m to rescue just one satellite or $5.5m to capture both. In addition, they will have to band to Hughes $2.5m for the grappling hardware for just one satellite or twice this sum if both vehicles are to be returned to earth.



Space technicians in the U.S. have worked out the precise sequence for the rescue of two satellites 350 km above the earth in a salvage mission later this year

Financial services

Single link to data

FINANCIAL ELECTRONIC services have burgeoned in the past few years. Organisations subscribing to these information services have usually needed more than one terminal to gain access to the information.

Now the *Bank of England* is to instal a system developed by Aregen in the UK that allows many of these financial information systems such as Mullens, Telerate, Topic from the Stock Exchange, to be viewed on a single screen. More than one service can be seen on the screen simultaneously. Eventually other services such as Reuters will be added to the system.

At a cost of about £500,000, the system will be operating by the end of the year. Initially up to 50 terminals will be installed of which only 14 will have access to the information services. The remainder will be used for internal communications.

The system will use Aregon's existing IVS-3 *software for videotex* controlled by a Vax minicomputer built by Digital Equipment Corporation (DEC).

The order from the Bank of England comes after a similar one from Grieveson Grant, a major city stockbroker. It is based on viewdata technology in which Aregon has specialised since its foundation in 1979.

Mr Barry Roberts, Aregon's UK sales director, sees many opportunities for the new system as a replacement for the jumble of terminals now appearing in city dealing rooms and stockbrokers' offices.

Telecoms

Electronic mail

ELECTRONIC mail systems where personal computers can transmit letters and documents over the public telephone network have now been joined by Textnet.

Microcomputers or word processors can link into the system which uses the Telecom Gold electronic mail network. It offers a range of services such as translation, transcription and typesetting with access via most machines. More details about Textnet on 01-242 2082.

Computers

Artificial intelligence

EXPERT systems are computers which encapsulate the specialist knowledge of a doctor, engineer, or lawyer, for example. They are a step towards artificial intelligence where the computer can make decisions based on the information it stores and add to that knowledge.

Though in their infancy more than 185 expert systems have been identified in a report by Ovum. It says that small systems are already doing useful jobs such as fault diagnosis in electronics and telecommunications, oil and banking.

The market for expert systems is still small. In the UK, Ovum *estimates* that it will be worth about £45m by 1990. The report costs £255 and is available from Ovum on 01-607 2122.

Software

Smooth talking

FIRST BYTE said it has introduced a text-to-speech synthesis software product for microcomputers called "Smoothtalker."

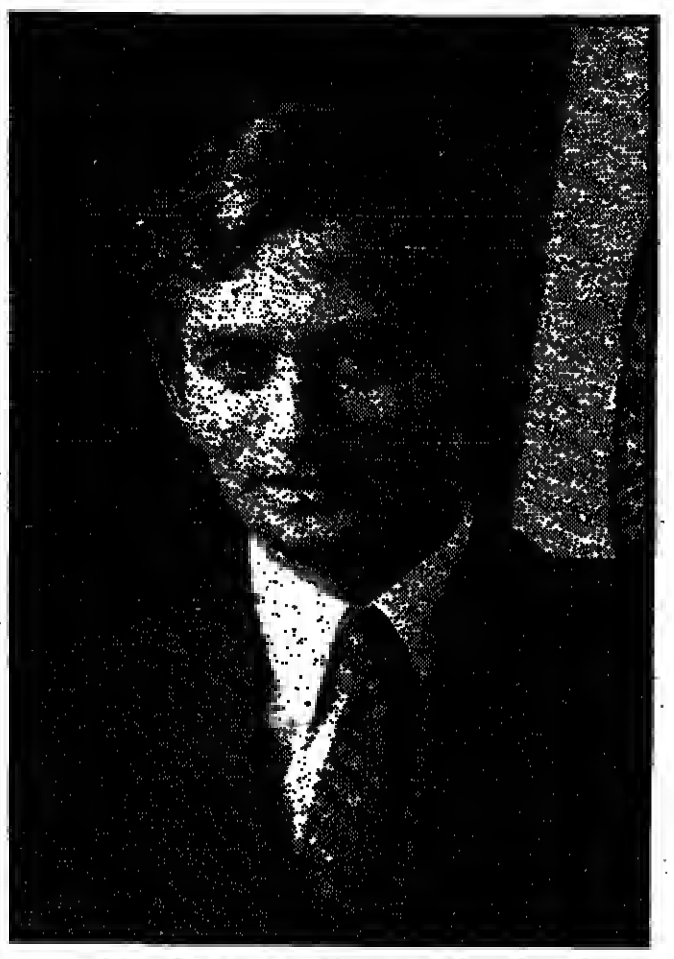
The company said Smoothtalker accepts plain English text from either the keyboard or a text file and automatically synthesizes the intext "into a clear and smooth-sounding adult male or female voice," using the computer's built-in speaker or an external amplifier.

Smoothtalker will initially be available for Apple Computer's *Macintosh* and later for other microcomputers. The suggested retail price is $149.95 and shipments will start next month.

FINANCIAL TIMES SURVEY

Friday August 24 1984

Liechtenstein



Crown Prince Hans-Adam: taking on a wider role as deputy to his father, Prince Franz Josef

Interviewed by **John Wicks,** Crown Prince Hans-Adam, who takes over the reins of office on Sunday, sees the Principality as . . .

A model for developing countries to follow

Q: What do you see as the current political priorities for your country?

A: The most important outstanding question has now been settled by the recent popular vote in favour of female suffrage. Other domestic priorities include the drawing-up of a new code of criminal law. At present, the Principality's penal code is based on mid-19th century Austrian law and no longer meets current requirements: e new codo has been drafted, also close to the Austrian model, and could be introduced in the next two years.

We also need a more modern income-tax system for residents. As far as foreign policy is concerned, it would be advantageous for Liechtenstein to join the United Notions, though this is a controversial subject here. Our joining would not depend on whether or not Switzerland becomes a member—but it would be oasier if the Swiss were to join. As far as we can judge, any opposition to Liechtenstein membership from within the UN might come from Western rather than East Bloc countries; in the 1960s it was the U.S. which ettempted to limit small-nation membership.

Q: What do you consider to be the role of a small nation like Liechtenstein in today's world?

A: Althongh our contribution is limited by our very size, we gain credibility in the eyes of the world by being free of power politics. Liechtenstein also has no major problems of its own and could aid developing countries by passing on some of its own experience—how, for example, to reduce the egricultural share of the working population from over 50 per cent to only 3 per cent with no edverse effects. The Principality is already ahle to contribute to the work of UN organisations and is e member of the Council of Europe.

Q: In view of the close links to your neighbour Switzerland under the customs and currency unien, do you see difficulties in the preservation of national autonomy?

A: The awareness has been growing in this country that we should look for national solutions wherever these are sensible. I shall certainly continue in this direction. Today's Europe presents more chances for small nations to co-operate on an international basis while retaining their autonomy. In any case, tho reliance of our export sector on trade with Switzerland has beon declining for the past 20 years.

Q: How do you, as a trained economist, see the future of the Liechtenstein economy?

A: I am optimistic. We have a widely diversified economy, being *one of Europe's most* highly-industrialised nations, as well as the base for a strong services sector. This broad spread, which we intend to uphold, gives Liechtenstein a high degree of stability, particularly in light of the preponderance of small and medium-sized businesses. Since it will hardly be possible to expand our labour force, industry will continue to expand into high valne-added fields such as that of electronics.

Q: How serious is the problem of immigration, with over one-third of the population consisting of foreigners?

A: We cannot realistically turn the clock back by simply sending foreigners home again. The only way to stabilise or reduce the foreign share of the resident population is to facilitate naturalisation for long-established aliens. The number of naturalisations has been on the increase recently, the public baving taken up a rather more liberal-minded attitude as the influx of new foreigners had fallen to a trickle. The alien share is now likely to remain et somewbere close to tbo one-third mark.

Q: What is the current situation with regard to your diplomatic relations with foreign countries?

A: Liechtenstein still has only one diplomatic mission abroad, that of the Embassy in Berne. However, the Ambassador has now also been accredited in Vienna. Otherwise, Switzerland looks after our interests in foreign countries.

Q: To what extent has Liechtenstein tightened controls over "offshore" facilities?

A: The latest revision of the regulations regarding offshore companies is as far as we can go at present. This has already proved its value in that Liechtenstein has recently been involved in no real scandals. Should there still be weak points in the system, we shall of course have to take the necessary steps. In many ways we now have stricter controls than those of some other countries—for example, in the field of arma trading.

Q: How abont the international reputation of Liechtenstein in this connection?

A: It naturally takes time to improve a reputation—especially when this needs up-grading. But an improvement bas taken place, not least thanks to better contacts to other European countries who have realised that former defamations were largely without substance.

Q: Can yon say anything about the private business interests of your family, which you yourself administered over the past year?

A: I took over control of the family interests some 15 years ago and have since banded these over to a national foundation. My father is the choirman of tho foundation's hoard and I am tbe vice-chairman. However, the majority of the board is made up of businessmen and I gave up the management of the foundation over a year ago; this is now in the hands of professional managers.

ABOVE: The castle at Vaduz, residence of tho reigning Prince of Liechtenstein. BELOW: The Principality's industrial growth since World War II has been phenomenal. Before that, it was an agricultural country, today only 3 per cent of the population *is engaged on the land, while 54.5 per cent of the labour force is employed in industry* and commerce

Rapid industrial growth to the sound of cowbells

THE Principality of Liechtenstein, with a total area of less than 62 square miles and a resident population of rather over 26,000, is one of the smallest sovereign Stotes on earth.

It is also one of the least-known; a survey carried out a few years ago in the UK showed that almost one-half of those asked "had no Idea of wbat or where it was." Such associations as the country has for the outside world tend to be pulp-novel clichés of an Alpine Ruritania full of company nameplates and cowbells.

The company nameplates are nndoubtedly present and, though mnch less in evidence, the cowbells. There is much more to Liechtenstein than the picturesqne tax haven, however. Indeed it is one of Europe's great snccess stories.

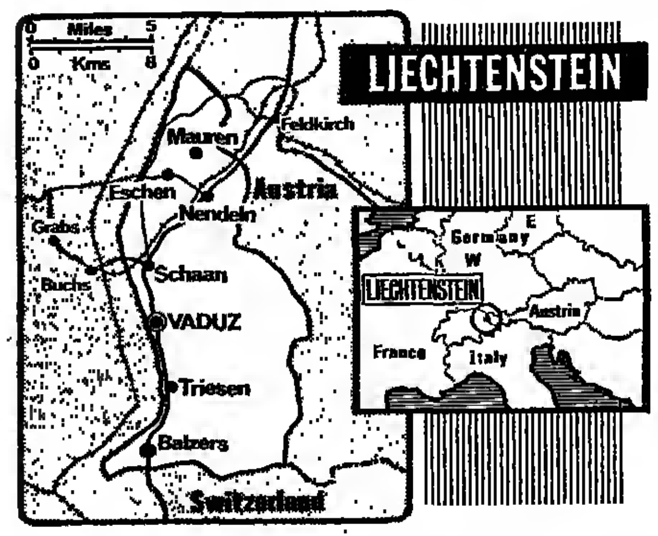
Within two generations, it has developed from a poor farming community to an extremely wealthy area. Quite apart from the income accruing from such pocket-State activities as *company registrations, postage stamps and tourism,* it has become o highly-industrialised nation with a per-capita income far higher than that of its rich neighbour Switzerland.

Unemployment is close to nil, the Currency and Customs Union with the Swiss keeps inflation low and the economy has been relatively unharmed by the recent recession.

Liechtenstein is now entering into a new era. Next Sunday the country's ruler—His Serene Highness Prince Franz Josef—will name Crown Prince Hans-Adam as his deputy.

Although Prince Franz Josef, who has been on the throne since 1938, is not abdicating be has decided to pass over the reins of office to his 39-year-old son and fnture heir.

The Crown Prince, who was educated in Austria and Switzerland, spent some time working in o London bank before taking an economics degree in St Gall in the late 1960s.



Industrial service sector boosts the economy, **John Wicks,** reports.

From poverty to prosperity

THE national anthem, which is sung to the tune of God Save the Queen, has a second verse which starts: "Long live Liechtenstein, Fleurishing on the young Rhine." For years now, this has been more than a pious hope. The Principality has flourished to the point where it has become one of the wealthiest countries in the world.

Like their Swiss neighbours, the citizens of the tiny State have more than compensated for their lack of natural resources. The once poverty-stricken nation has built up a highly sophisticated industrial service sector with a correspondingly high standard of living.

Schellenberg

Ruggell

There are few reliable economic indicators to show just how prosperous Liechtenstein has become. Apart from the limited capacity of the small Government apparatus, links to Switzerland are extremely close and complex owing to the currency union and the open border.

An idea of national prosperity can, however, be gained from the development of personal earnings; by 1982, income from employment within the Principality reached some SwFr 635m, or about SwFr 40,000 (£12,500) per employee. Gross domestic product is believed to have reached something like SwFr 1bn (U.S.$ 440.5m) last year. This would equal some SwFr 63,700 per head, although it cannot be compared with other countries' per-capita figure in that about one-quarter of the labour force comes in daily from Switzerland and Austria.

Liechtenstein is, always in terms of its size, much more highly industrialised than other European countries. In 1982 no less than 53.6 per cent of the work force was employed in the secondary sector—as against 42.7 per cent in West Germany or 38.7 per cent in Switzerland, for example—and 43.9 per cent in the service trades. The share of farming in the once almost wholly agricultural country sank to only 2.5 per cent.

In the past year, there has been a rise in the share of the service sector though industry still accounts for well over half the total employment figure.

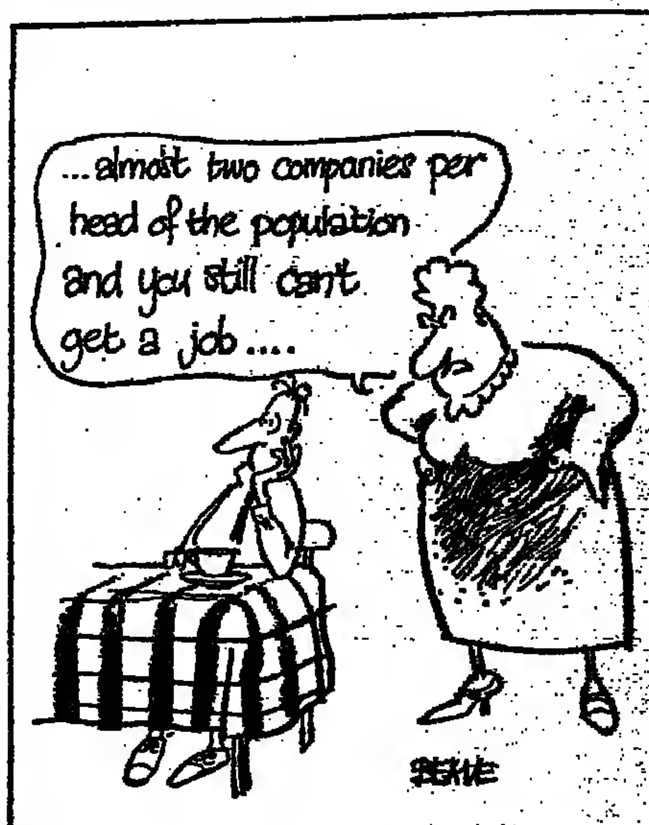
With a population of under 27,000, business is extremely export-oriented. Since the war, Liechtenstein has become a supplier of some note on the world market, its foreign sales rising from SwFr 15m in 1950 to SwFr 334m in 1970 and as much as SwFr 919.3m last year. This is the equivalent of about SwFr 58,550 per employee, as compared with per-head exports from Switzerland of "only" about SwFr 17,500.

This reliance on foreign demand means that Liechtenstein cannot remain wholly unaffected by international recession. Although the country is fortunate in having no real "problem" industries, it did not escape unscathed from the setback of the early 'eighties.

Industrial exports have shown little change over the past three years, the strong Swiss franc combining with sluggish demand to make business more difficult. A January, 1984, survey by the Verwaltungs-und Privatbank indicated that profit levels were unsatisfactory, while companies continued to be concerned at the weak DM exchange rate. This has since strengthened, much to the pleasure of exporters.

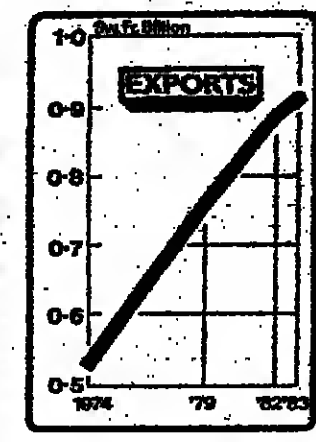
Last year, almost 38 per cent of Liechtenstein's foreign sales went to EEC countries—headed far and away by Germany—and about 23 per cent to Switzerland, in part destined for re-export.

Prof Martin Hilti, chairman of Hilti, Liechtenstein's major industrial concern



INCREASE IN POPULATION

Year	Vaduz	Triesen	Balzers	Triesenberg	Schaan	Planken	Eschen	Mauren	Gamprin	Ruggell	Schellenberg	Total
1970	3921	2637	2704	1813	3890	177	2114	2055	660	866	513	21350
1971	3970	2730	2760	1850	3980	190	2170	2110	690	880	520	21850
1972	4270	2711	2700	1779	4158	202	2260	2234	670	918	514	22414
1973	4326	2898	2903	1813	4302	216	2194	2279	694	987	544	23156
1974	4382	2939	3023	1936	4359	218	2361	2298	710	965	554	23745
1975	4472	2889	3104	1952	4320	221	2421	2319	697	990	562	23947
1976	4620	2912	3049	2002	4354	235	2375	2343	709	1007	563	24169
1977	4704	2905	3112	2019	4513	250	2471	2426	717	1023	575	24715
1978	4856	2951	3196	2017	4581	257	2584	2547	717	1053	581	25340
1979	4892	2935	3234	2099	4636	272	2700	2584	764	1102	590	25808
1980	4606	2970	3186	2098	4551	280	2594	2463	777	1113	577	25215
1981	4980	3021	3282	2186	4534	285	2665	2575	825	1200	577	26130
1982	4904	3060	3419	2220	4572	278	2683	2596	829	1220	601	26380



Even a lean period on world markets did not bring about anything even approaching a recession in Liechtenstein, however. Unemployment peaked this January at a bare 0.4 per cent and has since fallen to about 0.3 per cent (49 persons at the end of June). Short time, which had affected a maximum of 145 in March of last year, now involves only four employees.

The labour market has not been as unaffected as this might imply, though, since some employers—including the major industrial firm Hilti—have been carrying through cost-cutting programmes with a resultant reduction in jobs. There was also a slight decline last year in the overall employment figure, the result of a fall in the number of resident and border-crossing foreign workers.

Despite this, the prospects seem good. Particularly the improvement in the DM-Swiss franc crossrate is an encouraging feature, going hand in hand as it does with low inflation and increased world demand.

As the government's Department for Economic Affairs points out in a recent report, Liechtenstein enjoys a number of important operational advantages. These include a high level of political and economic stability, liberal economic and fiscal policies, a keen labour force "with the longest working hours in the industrialised world," large capital formation and an efficient banking network and not least the Customs and Currency Union with the Swiss.

Nevertheless, there are disadvantages, too, the greatest of them being the availability of manpower. Recruiting is not easy in such a small population. At the same time, the authorities do not want any further increase in the very high share of foreign citizens in the population.

The benefit of a strong home base

Banking

JOHN WICKS

BANKING has developed rapidly in the Principality over the past few years. Assets of the country's banks more than trebled between 1975 and the end of 1983 and have shown further growth this year so far. At the same time, an expansion of financial services means that income from off-balance-sheet business is increasing at an even faster rate. Earnings are up and rising.

This has been possible without the banking sector opening up to all-comers. In the 1950s, the authorities did receive a number of applications from outsiders to set up banks there. However, the Government was not taken with the idea of a "mini-Luxembourg" and in 1960 a Bank Act was passed, one result of which was to prevent any proliferation of new banks.

Indeed, no new banks were established at all. There are still only three in the country, all in local hands. The official bank is the Liechtensteinische Landesbank, with a State-endowed capital and the character of a Swiss cantonal bank. The others are privately-owned: Verwaltungs— und Privatbank (VPBank) and Bank in Liechtenstein (BiL), the latter controlled by the ruling family's Prince of Liechtenstein Foundation.

As of mid-1984, these three booked a joint balance sheet of over SwFr 8bn (U.S.$3.52bn). This may be only about 2 per cent of the assets held by the banking system in neighbouring Switzerland — but the Principality has a total population of under 27,000, or about as many inhabitants as a typical small Swiss market town. Banking is an important sector of the Liechtenstein economy.

Its success has come about thanks not least to the remarkable prosperity enjoyed by the little country in the past few years. Local business accounts for a substantial share of the balance sheets, particularly in the case of the Landesbank. However, the Liechtenstein banks have much more than just regional significance. International business plays a large and growing role in their activities, even though the banks are without their own money market and capital market organisations.

As a banking centre, Liechtenstein shares many of the advantages of Switzerland, to which it is linked by a currency union and a monetary treaty. These include the strength of the Swiss franc, political and economic stability, attractive tax laws and the institution of banking secrecy.

The close ties to Switzerland are themselves a considerable help, the banks seeing their activities as largely integrated into the Swiss financial system.

As well as belonging to their own organisation, they are members of the Swiss Bankers' Association. Since 1980, the Swiss National Bank has had the same monetary powers in Liechtenstein as at home, always allowing for the smaller partner contoured sovereignty.

This does not mean there are no differences between the two members of the Swiss-franc zone. Liechtenstein did not, for instance, follow Switzerland's example of introducing a 35 per cent withholding tax, levying only a 4 per cent coupon tax on dividends and interest payments.

This has promoted the placing of money, particularly time deposits, in the Principality. However, a fiscal disadvantage is the lack of any double-taxation agreements apart from that with Austria and certain arrangements with the neighbouring Swiss cantons of St Gall and Grisons. This means that at-source taxes on foreign assets cannot be recovered.

Another difference concerns the Swiss "Agreement on the observance of care in the acceptance of funds and the practice of banking secrecy." This good-conduct code, aimed primarily to ward off undesirable accounts and stop banks from actively aiding and abetting capital flight, was drawn up in 1977 in the wake of the Chiasso Affair, in which over SwFr2bn of client funds were misappropriated.

The Liechtenstein Government subsequently drew up a similar agreement with the three banks of the Principality. When the Swiss code was extended and revised in 1982, however, Liechtenstein lawyers and licensed trustees were no longer considered in the same light as their Swiss counterparts with regard to declarations that non-bank clients were known to them and that no "forbidden transaction" was being concluded.

This discriminatory measure meant that the Liechtensteiners found themselves unable to go along with the new code.

Nor have the three banks been able, under Liechtenstein law, to take part in the Swiss agreement with the U.S. aimed at countering insider deals. The Principality in also not involved in Switzerland's 1983 international legal-assistance law, which inter-alia enables support for tax-fraud investigations.

The smallest of the three, the VPBank, has been that with the most rapid growth so far this year—the balance sheet expanded by 14.3 per cent in the first half, which manager Dr E Heinz Batliner says was above the "conservative" target for the period. VPBank, which intends to develop investment counselling and portfolio management operations as a priority, made news last year by becoming the first listed Liechtenstein stock when it introduced its "B" bearer and registered shares to over-the-counter trading in Zurich.

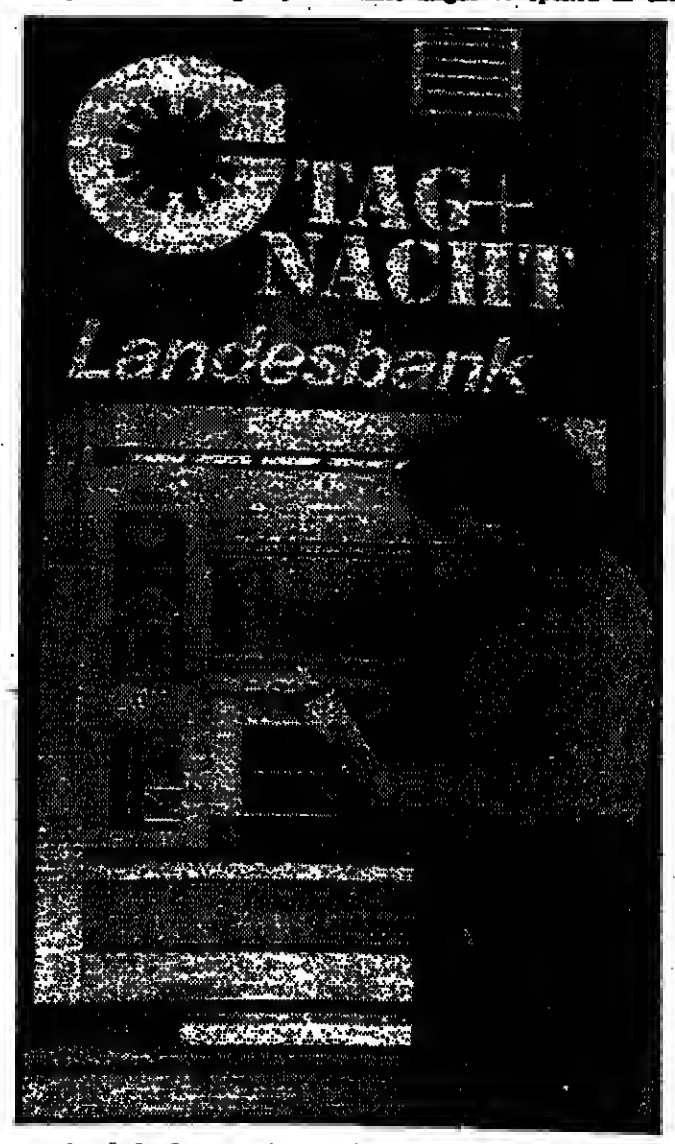
BiL, some 95 per cent of whose capital is held by the royal Foundation, has been blossoming out drastically. Apart from the parent bank, a finance company, a trustee firm and a trust-management unit in Vaduz—plus a stake in the Principality's only mutual trust, Austro-International-Investment-Fonds — this has been the first Liechtenstein bank to set up foreign operations.

As part of what bank manager Dr Egmond Frommelt calls a "systematic but careful expansion," BiL set up a London rep office in 1982, shortly after opened the affiliated BiL Securities there. In the coming months the representation and the company are to join up in a new London subsidiary.

Last year, the bank moved into Zurich with its financial-services subsidiary Bilfinanz und Verwaltung. In the past few months it has announced the formation of a Frankfurt subsidiary—thus becoming only the

Mr Karlheinz Heeb, manager of the Liechtensteinische Landesbank

second Swiss-franc-area bank with a subsidiary in Germany—and BiL Management in New York, both of those to start operations at about the end of the year. Not only that: Dr Frommelt indicates that a rep office might be opened in the Far East within the next two years.



The Landesbank was a pioneer of the automatic service point.

For all that, Liechtenstein has no intention of becoming a loophole. The banks, who are naturally keen on retaining their hitherto unblemished reputation, have traditionally done all they can to avoid attracting "funny money" by adhering to good-conduct guidelines which they say have in part been stricter than those of the Swiss.

Also, Vaduz bankers have been able to block any possible abuse of the country's bank secrecy for insider deals even without a specific agreement.

As in Switzerland, incidentally, banking-secrecy protection does not apply in the investigation of crimes under national law. In the field of international legal assistance, Liechtenstein is a signatory of the European Convention on Legal Aid in Criminal Cases and is currently working out a national law of its own.

An important factor is the degree of control exercised over Liechtenstein banks' operations. Apart from the banks' internal inspectorates and the surveillance by external auditors, their activities are subject to supervision by the Liechtenstein Banking Commission. This also acts as a licensing authority, whereby any new banking concessions would also need Parliamentary approval.

All in all, the Principality's bankers do not want to tangle with Switzerland. Apart from the fact that Berne can exert considerable muscle — as when Liechtenstein was temporarily declared a "foreign country for currency purposes" in the 1960s and 1970s — the bankers know that they could simply not handle any huge influx of funds from Switzerland.

This is why they were very glad the Swiss "Banking Motion" was thrown out this May; had it been accepted, the relatively small flow of money which had been re-routed to Vaduz by apprehensive clients of Swiss banks would have turned into a flood.

Even without such unwelcome boosts to business, Liechtenstein's banking sector has been growing apace. All three banks have built new headquarters in Vaduz in the past two years in keeping with the steady growth in front and back-office business. The balance-sheet total rose by 11.9 per cent in 1983, with combined net profits up 20.6 per cent — due not least to increased activity in such non-interest fields as portfolio management, stock-market business and currency/foreign-exchange trading — and both figures look like being higher again in 1984.

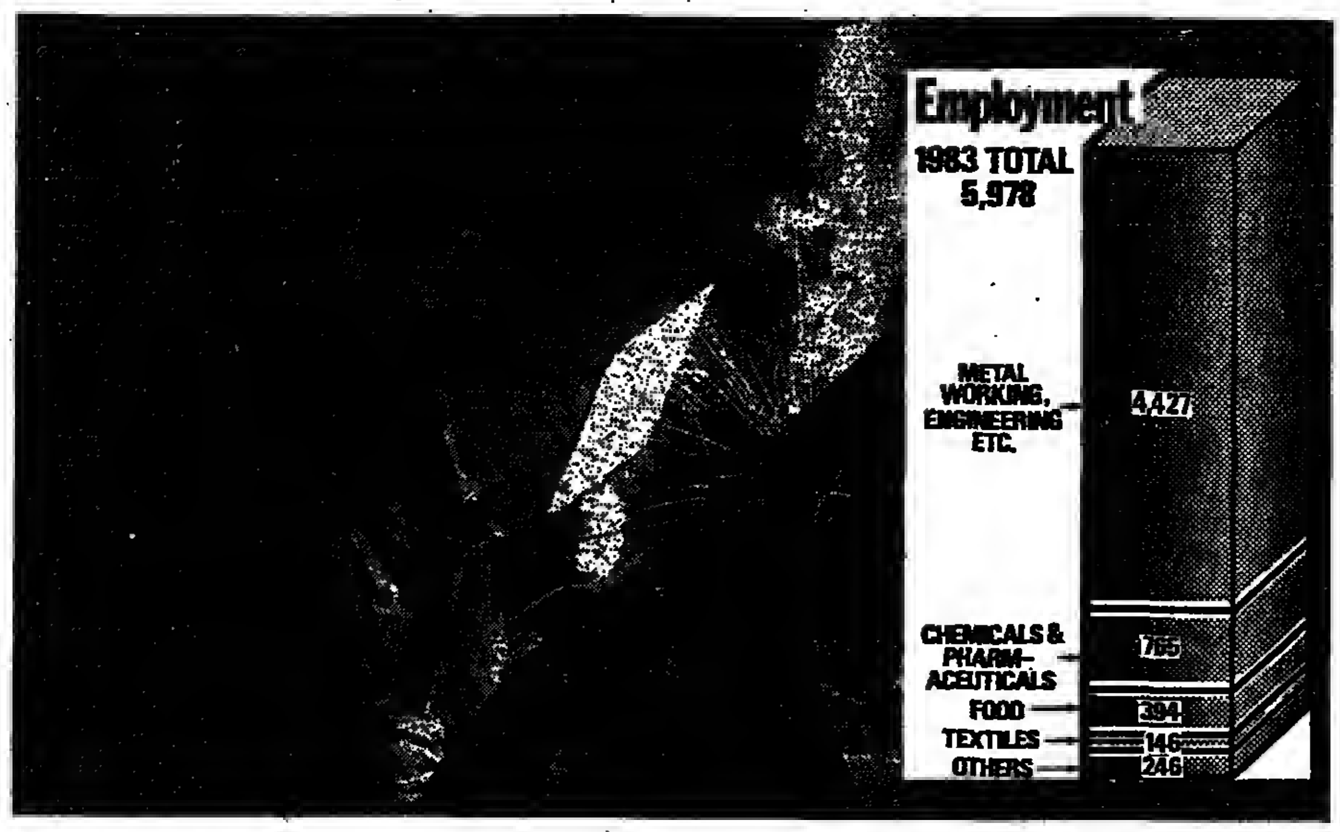
All banks are well aware of the benefits of innovation. The Landesbank was, for example, the first bank in Europe to provide a network-wide system of 24-hour automatic tellers.

Links with Switzerland are of vital importance to its export economy

Consolidation after rapid expansion

Industry

ANTHONY McDERMOTT



INDUSTRY in Liechtenstein has at present probably reached a peak. Its growth since the Second World War has been phenomenal. Before that, it was a poor agricultural country, today only 3 per cent of the population is engaged on the land, while 54.5 per cent of the labour force is employed in industry and commerce. Given its small population it is one of the most industrialised country's in the world.

Because of its close economic links with Switzerland, its fate and development is inevitably not entirely in its own hands. The customs, economic and currency union has been in existence since 1924 and is of fundamental importance to Liechtenstein's export economy.

The agreement relating to the European Free Trade Association (Efta) is applicable to Liechtenstein. So, too, is Switzerland's free-trade agreement with the European Community.

Thus Liechtenstein's economy has been exposed as well to the world recession and the effects of exchange rate distortions. But because of its small size there are genuine limitations on growth and this has given broad policies a change in direction.

As Mr Herbert Kindle, head of the Liechtenstein Chamber of Industry and Commerce, puts it: "The development will be more consolidated than it was. The real boom is over."

The export pattern gives a good picture of how industry has developed. In 1960 exports were a mere SwFr 82m (U.S.$36.12m). By 1974 they had reached SwFr 535.36m, and between 1976 and 1980 (when they were worth SwFr 887.03m) annual average growth rates of just over 11 per cent were being recorded. A marginal decline was suffered in 1981, and a growth rate of 1.4 per cent in 1982. Last year exports rose by 2.8 per cent to reach SwFr 919.23m.

Switzerland took 22.9 per cent of Liechtenstein's exports last year, worth SwFr 210.8m and these constituted by far the greatest proportion of SwFr goods sold to Efta countries (at SwFr 281.92m, down 1.2 per cent on the previous year). The largest proportion, or SwFr 348.67m—37.9 per cent, went to EEC countries (down 0.6 per cent), and sales to the rest of the world, worth SwFr 288.68m rose by 11.8 per cent.

The boom in export earnings has been reflected more in wages and salaries than in the numbers of those employed.

The number of those employed fell from 5,300 in 1974 to 5,096 in 1976 and thereafter there was a gradual rise, with a peak of 6,414 in 1981. Last year the figure had fallen back for the second year running to 5,978. (2.5 per cent fewer than in 1982).

Wages and salaries fell by 2 per cent last year to SwFr 258.87m, but individual earnings have continued to grow, so that the average income of an industrial worker last year was SwFr 43,300.

Twenty-eight companies are currently registered with the Chamber of Industry and Commerce including: 13 in metal-working, engineering and instrument making, four in both textiles and ceramics, chemicals and pharmaceuticals, and two in food.

Schaan

Gamprin

Metalworking, etc, employ the largest number (4,427), followed by ceramics etc (765), food (934) and textiles (146).

The rapidity with which industry has expanded has imposed strains on the local labour force. As a result, on a daily basis, some 2,500 workers cross the border from Austria and another 1,000 from Switzerland to work in Liechtenstein's industry.

Besides the limits imposed by external economic growth (for Swiss industry this year forecasts are in the range of 2.5 per cent), and high wage costs, there are genuine space limits in a country with an area of only 160 sq kilometres. Of this, only one-quarter along the Rhine Valley could be used for expansion.

But prices are high and there are non-industrial zoning plans. Also it would be hard to increase the work force without taking in more foreign workers.

In 1982 these made up 42.7 per cent of the work force, an even higher proportion than the number of foreign residents in the population.

Leaving aside the social and family insurance contributions which the Government makes, "Ueberfremdung" ("too many foreigners") has begun to become an important political issue. As a result, according to Mr Kindle, "We have reached a plateau . . . the path forward is a question of innovation."

A review of selected company performances presents some indications of the circumstances in which they have had to operate, how they have responded and how they see the short-term future.

The Oerlikon-Buehrle group based in Zurich possess both Balzers AG and Press und Stanzwerk AG in Eschen. The former specialists in high-vacuum and thin-film technology. World wide the Balzers division experienced an increase in turnover last year of 6 per cent, while that of the local company was 9 per cent.

In Liechtenstein, its work force fell by 21 to 1,291 (globally it stood at 2,450). Investments overall rose in 1983 from SwFr 12.7m to SwFr 15.3m, of which Balzers AG received SwFr 4.9m. The concentration was on developing new products. The metal-working company in Eschen, increased its turnover by about 30 per cent, as a result of intense marketing new areas of North America, and because its plants in France and Italy had prospered.

In marked contrast to the Principality's scenic image, Liechtenstein is one of the world's most industrialised countries

By contrast Elastin-Werk AG at Triesen, one of Europe's best known manufacturers of sausage skins, had a tough year, one of "consolidation." It produced 23.3m metres of products — 83 per cent of capacity — and sales fell by 7 per cent. It found its products expensive because of the strength of the Swiss Franc and this hampered competition in neighbouring countries. Demand had fallen in Austria and Holland. To counter a similar performance forecast for this year, the management is being restructured and the search for new products continues.

Gravo-Optic GmbH in Vaduz —indicating the variety of products, specialising as it does in photochemically-based precision calibrations—expects this year to be as successful as last, which it described as "good" and in its specialised sector represented "a striking leap forward."

Hilcona, producers of ready made and frozen foods, in Schaan, was another company made aware of cutbacks in food-buying and tourism, and resolved to fight back through intensive marketing in new areas, particularly of 20 newly-developed products.

Ivoclar AG, one of the world's largest false teeth manufacturers, succeeded in holding on to its share of the diminishing West German market, but continued to sell to some 90 countries world wide. However, Jenny Spoerry and Cie of Vaduz, producer of cotton yarn and fabrics had a difficult year with the cost of raw materials rising by 35 per cent and over production countered through considerable price concessions.

Hilti AG of Schaan is an example of an internationally-minded company, producing fastening systems for construction purposes. It has a work-force of around 10,000; nearly five times as many employees abroad than in Liechtenstein. Group turnover increased last year by 5 per cent largely due to success with the introduction of new products. Recession in the main markets of the U.S. and West Germany was offset by progress in new Middle and Far Eastern markets.

In terms of results, most Liechtenstein industrial companies, whether small or large, recorded stagnation during the first half of 1983, with a distinct improvement in the second.

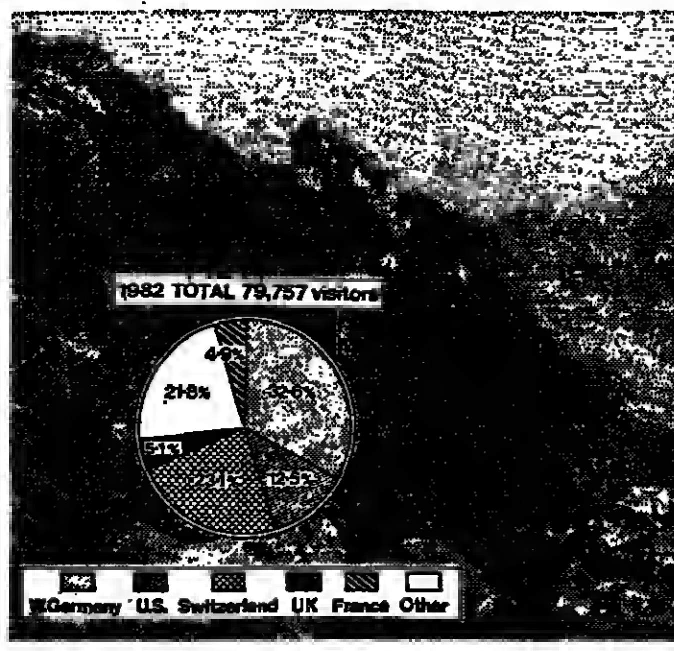
The Chamber of Commerce at the end of the first quarter lobbied its members for views on 1984. Eight companies, employing about 2,400 workers thought it would be good, 9 employing about 3,000 considered it would be satisfactory and another 9 with 600 employees looked towards 1984 as being either uncertain or exceptionally bad.

The exchange rate weakness of the Deutschemark was foreseen as a major problem, affecting a major export target area. But the low rate of inflation in the Swiss franc area and what seemed to be a strong business recovery in the U.S. were seen as being advantages to help industry in the Principality during a present and continuing period of, essentially, consolidation.

LIECHTENSTEIN 4

By flocking to the capital's main street tourists are missing the . . .

Delights outside Vaduz



Tourism

ANTHONY McDERMOTT

PASS DOWN Staedtle, the main street of Liechtenstein's capital, Vaduz, around lunchtime in the summer, and you could find as many as 60 tourist buses and their contents on the move. When you consider that Veduz's population is only some 5,000 this is quite a burden. The souvenir shops are packed, but come 4 o'clock, the place is comparatively empty.

Herein lies the heart of the principality'e tourism problem. It is to persuade tourists and tour operators that, small as Liechtenstein may be, there are other places than Vaduz or the skiing centre of Malbun—beloved of the Prince and Princess of Wales—to visit.

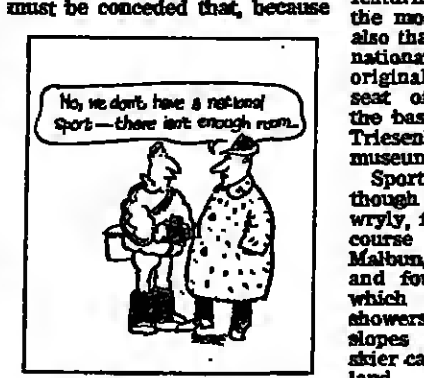
There are, in fact, 11 communities including Vaduz with historical-sounding names such as Eschen, Schellenberg, and Planken. In short, the principality is worth more than a few hours of souvenir-hunting, obtaining another stamp in the passport (50,000 people do this a year), or a shortish visit to the not-too-testing slopes of Malbun.

The Government has been somewhat slow to react to this situation. According to Mr Berthold Konrad, the director of the National Tourist Office since its establishment in 1971, they were aware of it in the 1960s. Then the Government realised that it could not rely on day-to-day tourism. Now there is a concerted counter-attack, but so far without much success. This however is a reflection more of worldwide economic trends than anything else.

The tourism industry is vitally important to Liechtenstein but the country is remarkably coy about producing figures. It releases very little—in fact almost nothing—abont what it earns, but on other issues it is possible to learn, for example, not just the number of children attending primary school but also the numbers of foxes, cats and dogs killed annually.

Unofficial estimates put the earnings from what is termed "hotelerie and day tourism" at SwFr 25m (US$ 11m), almost exactly the same as the income from stamps.

Overall figures suggest that the number of visitors is, at best, holding steady, though it must be conceded that, because



of the transitory nature of tourism, figures may be misleading.

The number of visitors hit a peak of 85,282 in 1981 and this declined to 79,426 last year.

The pattern of those nationals staying has very much reflected the strength and weakness of relevant currencies. West Germans remain the largest group of visitors 24,582 in 1983. But proportionally more French tourists (2,936) stayed away. The increase in the number of American, Swiss and British tourists was impressive. To these figures should be added for 1983, 5,199 (5,404 in 1982) visitors who spent 43,581 (51,503) tourist nights in holiday apartments.

The facilities available have, if anything, decreased. In 1977, the number of beds available were 1,848. Last year there were 1,708. Private rooms were 45, two down on the year before.

To offset this somewhat gloomy analysis, the principality does have much to offer—outside the crowded main street of Vaduz. It has scenery—both mountains and the valley along the Rhine with its villages.

In addition given the size of the country it has a formidable array of cultural institutions to visit. The art collection, featuring Peul Peter Rubens, is the most notable, but there is also tha stamp museum, and the national museum which was originally the "Eagle Inn," the seat of Government, and in the basement, the state prison. Triesenburg has also a notabla museum.

Sporting facilities abound, though it is acknowledged, wryly, for space reasons, a golf course cannot be included. Malbun, with its two chair lifts and four ski lifts and hotels which have baths and/or showers offer both prices and slopes which for the medium skier can do battle with Switzerland.

There are for example 300 km of walking paths, and much for the cyclist. Also to its credit is gastronomy. It is possibla to eat very well, not just in Vaduz, but elsewhere.

The tiny principality has no less than 12 wines to be sampled. As Mr Konrad points out the problem is that "people tend to herd together in one place and not sample delights in other villages."

The tourist season is divided 60 per cent for the summer and 40 per cent for winter. The industry is described by Mr Konrad as a "mosaic."

Mr Konrad also says he would like to see a 100-bed hotel built to spread the word that a stay in Liechtenstein is more than a few hours in the high street.

Mixture of independence and interdependence

Politics

ANTHONY McDERMOTT

THE MOST significant political event for Liechtenstein for some time is the delegation by Prince Franz Josef II, hereditary ruler since 1938, of some of his ruling rights to his son, Crown Prince Hans Adam.

But as interesting, and stimulating to outsiders, was the referendum last month at which approval was given for women to hava tha vote on national affairs. They are still deprived of the vote on local issues and, with Europe, this left them in line with only seven cantons in neighbouring Switzerland where women, too, are deprived of the local but not national vote.

It was, as it turned out, a fairly close-run thing. At the first referendum in Liechtenstein in 1971, votes for women were rejected 49 per cent to 51. Two years later the gap had widened to 44 to 56, and et the beginning of last month the proposal only got home by 51.3 per cent to 48.7 per cent.

Politicians are somewhat defensive as to why it took so long for this decision to come about. They cite as reasons tha conservatism of the dominant Catholic religion. They concede that the principality was slow to discuss the issue and point out that it was not until 1971 that a similar decision came about in Switzerland. Before that they say it was hardly a topic. They edd, it came about democratically and not es a result of war or revolution as elsewhere.

Small as Liechtenstein's scale may be—and there is e population of only just over 26,000 divided among 11 communities in an area of 160 square kilometres—it is a combination of the quaint, the anachronistic and the fully democratic.

On the first two levels are the appearance of Veduz with the Prince'e Ruritanian style castle brooding above, the mountain beacons and fireworks to celebrate the Prince's birthday; the history—a principality which has survived wars after being brought into existence by being bought by one Prince Hans Adam von Liechtenstein at the turn of the 17th century; the scenery with the narrow Rhine Valley and the mountain area behind; astonishing number of statistics which are so detailed as to record the presence of 6,052 cattle in 1983 and the fact that the army of 80 soldiers and one officer was dissolved in 1868 and the last soldier died at the age of 95 in 1939. All these features and figures add up to a picture of quaintness and anachronism and to this must be added the existence of hereditary monarchy with substantial powers of interference in state affairs.

But at the same time the Principality does have two political parties. One calls itself the Reds, the Patriotic Union and the other the Blacks, the Progressive Citizens' Party.

Since 1938 they have been in coalition. Both are based on Christian ideas and have tha motto, "Faith in God, Prince and Fatherland."

To the outsider, they seem almost indistinguishable but on the ground they do reflect both personalities and the difference in historical representation in the past; in particular of farmers and small tradesmen. There is a Diet of parliament of 15 members, elected for four years, and a government composed of five members appointed by the ruling Prince after proposals by the parliament—also for four years. The next election is due in 1986.

Crucial for Liechtenstein is its relationship with Switzerland, although historically until the mid-1920s, it was closer with Austria and Germany, its other immediate neighbours. Switzerland has taken over virtually all its diplomatic representation except in Bern where Liechtenstein has its sole ambassador.

Liechtenstein is involved through its customers agreement in operation since 1924 with Switzerland with the European Free Trade Association (EFTA) and the European Community. At the same time the principality is represented in et least 15 international organisations including the Council of Europe, the International Court of Justice, UNCTAD, and the Economic Commission for Europe. But on the question of joining the United Nations, it is reluctant to do so before Switzerland says it will.

Liechtensteiners resent suggestions that they are almost a Swiss province, but it is part of the "Swiss franc area." The theme of Swiss—undeliberate—influence, however, comes up time and again.

It must be acknowledged that Liechtenstein has survived remarkable changes with equanimity. In the last few decades only, economic development has made it very prosperous through its banks, foreign and local industry and companies, and tourism.

It has survived a radical transformation from being a mainly agricultural society to one in which industry and services abound, bringing with them an influx of foreigners. At the end of 1982, out of a population of 26,380, 9,950, or 36 per cent, were foreigners.

Asked what issues confront the country at the moment, Mr Hilmar Ospelt, effectively the deputy prime minister, outlined the following. He took up first the issue of women's votes. He hoped it would be brought in as soon as possible on a local level.

Another issue was that of "ueberfremdung"—too many foreigners. The point was made that the intention was not necessarily to be more restrictive, but to make those living in the country integrate more closely. The effect would be a half-closing of tha borders.

But the dilemma is there, as Mr Ospelt said, "we need working power, especially qualified workers, but on the other hand we want to close the tap."

Related to this is another problem, that of space. Property laws are very restrictive, more so than in Switzerland and for Liechtensteiners as well, not just foreigners.

This has already posed problems of limits on industrial expansion. Mr Ospelt said: "the problem is the limited building ground. Either it is too expensive, or it does not exist. "Young couples are one particular class of victim, not just of this constriction, but of another—tax laws. In the near future, a new law is expected before the Diet affecting the purchase of land or property.

As elsewhere in Europe, Liechtensteiners worry about the environment. Forests are dying because of pollution caused by domestic heating systems and industry. It is—because of the principality's size—a problem that can only be dealt with in conjunction with its neighbours.

Related to this problem is another—that of energy. Up to 85 per cent of electricity comes from Switzerland, and in oil terms Liechtenstein is completely dependent on the outside. Ideally, the Government would like to change the situation.

In the end, Liechtenstein is a remarkable mixture of independence—in terms of style of government, economy and history—and interdependence, for it remains deeply reliant on its neighbours, especially Switzerland.

Issues of considerable profitability

Stamps

ANTHONY McDERMOTT

STAMPS produced by Liechtenstein are not just a good means of putting a small country on the world map. They are also items treasured by collectors. Furthermore they make a substantial contribution to the principality's income, although under the impact of global recession, both the total sums earned and the proportion of income fell last year.

The bulk of stamps sold are either "mint" or prefranked, without the expense of carrying ont mail services, and as most are not sold singly but in blocks. As a result last year Liechtenstein earned SwFr 25.09m (US$10.96m), or 9.6 per cent of all income.

The principality has had its own stamps since 1912. Before that Austrian stamps were used, and remanied simultaneously valid until a postal treaty with Austria expired in 1921. In that year a postal union with Switzerland was concluded, entitling Liechtenstein to issue its own stamps.

Now in its eighth decade, the local stamp industry has been responsible to date for some 900 issues. It is an acknowledged leader in motifs and designs under the direction of the Postage Stamp Design Office in Vaduz. Tha themes range from the princely family, to landscape, art collections, folk lore, religion, current issues such as the environment and development aid, historical events and sports (the issue prepared for the 1980 Moscow Olympics had to be destroyed at a cost of over Sw Fr 3m after the boycott).

Issues are made quarterly. The stamp issues are enshrined in the Postal Museum founded in Vaduz in 1930. The display includes not just Liechtenstein stamps and their precursors, but also batches received on an exchanga basis since 1921 from member states of the Universal Postal Union. It also contains study materials from Liechtenstein's own issues, such as artists' sketches and die, plate and colour proofs.

It is deliberate policy to keep the face value of each issue comparatively cheap—Sw Fr 4.5—and restricted in numbers.

Since Liechtenstein possesses no print works of its own, most stamps are produced by the highly specialised Houses of Helio Courvoisier at La Chaux-de-Fonds in Switzerland and the Austrian Government Printing Works in Vienna.

Production is taken extremely seriously, not least to protect the principality's reputation in the face of increasing competition from other stamp statelets and islands. Thus after production by the two companies, the sheets of stamps are scrutinised at the Swiss Postal Office in Bern to avoid the production of imperfections or variants in both pictures and margins beloved of collectors and dealers.

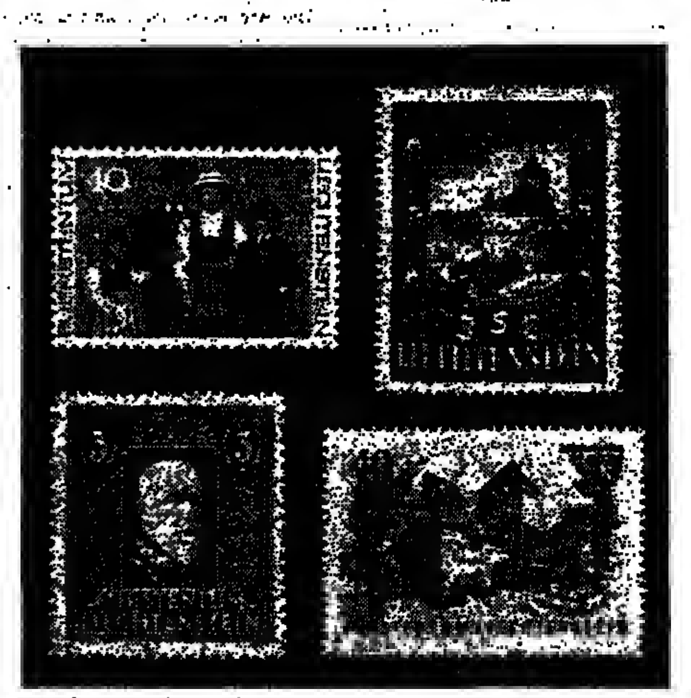
Sales to collectors experienced a boom in the 1960s. Today times have become tighter with the number of new subscribers falling from around 13,000 in 1980 and 1981, to 10,146 in 1982, and more sharply to 5,712 in 1983. The total number of subscribers has virtually stagnated over the past three years, 91,670 in 1981, 92,724 in 1982, and 91,557 last year.

At the end of 1983 the main countries with subscribers were West Germany (about 40 per cent), Switzerland (35 per cent), Austria (8 per cent), followed by Liechtenstein, France, the U.S. and Holland. To these figures should be added sales to occasional buyers and visitors, putting the total well over 100,000.

However, for the first time for several years, stamp sales for 1983, budgeted at SwFr 27.3m, failed to reach their target, recording a shortfall of 8.1 per cent at SwFr 25.09m.

This itself was a drop of 10.6 per cent against earnings of SwFr 28.07m in 1982. Over the period of these two years, the contribution of stamps' earnings to Liechtenstein's income fell from 11.5 to 9.6 per cent.

The hope is that an end to the recession and celebrations of the accession of a new Prince of Liechtenstein will halt this stagnation.



A tax haven where companies outnumber the population

Offshore Centre

JOHN WICKS

IN THE outside world, Liechtenstein is best known as a tax haven. Its low tax rates, watertight fiscal secrecy and accommodating corporation laws have attracted tens of thousands of letter-box companies and led to the building-up of a sophisticated offshore centre with an international reputation. Nobody knows just how many companies there are, since there is no universal gazetting procedure, but most estimates reckon at least 40,000. In comparison, the entire population is 26,000-odd.

The country's exchequer has certainly benefited from the existence of these firms. In 1982, the latest year for which official figures are available, almost one-third of total fiscal and excise income came from taxes on offshore companies and those levied on premiums of foreign insurers in Liechtenstein. The trustee business also employs nearly 1,000 people, a substantial labour force in a tiny country.

Not much of the money entering the principality actually stays there, of course. Like most havens, Liechtenstein acts primarily as a turntable. Tha banking network of Switzerland absorbs a far greater share of the funds than the three Liechtenstein local banks.

Just how important this business is for them emerges from recent Swiss National Bank statistics. These show a net Swiss liability in balance-sheet terms towards Liechtenstein of SwFr 4.6bn (US$1.9bn) in 1982. Also, Switzerland's little neighbour was its biggest single supplier of fiduciary funds in the whole of Europe, with a net figure of as much as Sw Fr 14.5bn.

There are two basic types of tax-haven vehicle in Liechtenstein. One is the domiciliary company, which is simply based there and active abroad. The other is the holding company, intended for assets administration and the holding and administration of stakes in other companies.

Taxes are minimal, with a one-time charge of up to 3 per cent on the capital of newly formed companies or those increasing their capital, an annual charge of 0.1 per cent (at least SwFr 1,000) on net essets, and a coupon tax of 4 per cent in cases where dividends are paid.

The most common forms of offshore unit are the Foundation (Stiftung), the Establishment (Anstalt) and the almost identical Trust Enterprise (Treuunternehmen), each with a minimum capital of SwFr 30,000, and the Share Company (Aktiengesellschaft) with one of at least SwFr 50,000. All of these offer limited liability and anonymity for their beneficial owners.

As successful as things had been, it became obvious a few years ago that controls over the system needed tightening. Locally-based letter-box companies were involved in a number of scandals, the most embarrassing being the 1977 Chiasso Affair in which more than SwFr 2bn of client funds from a Credit Suisse branch in southern Switzerland were improperly channelled through the Texon-Finanzanstalt.

Neither the Liechtenstein Banking Commission nor Liechtenstein directors of this company had had any idea of what was going on. Although it could be said that the Principality were more sinned against than sinning, there was considerable pressure from Switzerland for a revision of the country's offshore laws.

This came about in 1980 and made for a number of necessary measures to obviate the use of Liechtenstein addresses for shady or undesirable deals.

One important move was to give the statutory resident director more rights and more duties. Thus, these directors—who for the first time had to possess certain professional qualifications (most of them had already, of course)—were required to present an annual declaration that their companies have drawn up an inventory of assets and have not been conducted as a commercial business.

Commercially-active companies have to present audited balance-sheets and profit-and-loss accounts to the tax administration. Only non-registered ("deposited") foundations need neither to file accounts nor be the subject of a directors' declaration.

Among other changes were a series of conditions under which the authorities could close down a company, one being the harming of Liechtenstein's reputation abroad.

After the introduction of the revised law, not a few companies left Liechtenstein—mainly moving to Panama—but this did not last long.

A particular point at issue seems to have been the declaration rule, which some felt could make their presence in Liechtenstein rather dearer and more complicated. By the same token, it appears that there has been a certain move away from the "Anstalt" in favour of the "Stiftung."

Liechtenstein itself co-operates with other offshore centres, a typical case being tha establishment of Panamanian companies whose shares are held by a Liechtenstein "Anstalt."

The Principality is also often at the receiving end; apparently there is a sudden flow of business from the Channel Islands, for example, when fears reawake as to a re-instruction of exchange control.

The country's lawyers and trustees are, like the Government, well aware of the unsatisfactory reputation Liechtenstein has in some parts of the world—not least industrialised nations such as West Germany. They stress that they do not accept just any business that comes their way. In this they are helped by the 1980 law, which gives directors the statutory right to demand certain information.

This is why there was some little indignation at the 1982 revision of the Swiss Bankers' Association's new "due-care" agreement, which excluded Liechtenstein lawyers and trustees from the privilege to vouch for a client.

It was felt that the old agreement, in which Liechtensteiners were considered in the same light as their Swiss counterparts, had worked well. The change meant more work for Swiss attorneys—but also the shifting of some Liechtenstein accounts from Switzerland to Liechtenstein itself, whose banks had not signed the new version.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
24	25	26	27	28	29	30

Music

LONDON

BBC Symphony Orchestra and Singers conducted by Pierre Boulez. Bartok, Berg, Pierre Boulez, and Debussy with Jessye Norman, mezzo-soprano. Royal Albert Hall (Mon). (589 94 65).

New Symphony Orchestra conducted by Antony Hopkins with Richard Markham, piano. Mendelssohn, Weber, Rachmaninov and Dvorak. Royal Festival Hall (Mon). (928 31 81).

Boston Symphony Orchestra and Philharmonia Chorus conducted by Seiji Ozawa with Edith Wiens, soprano and Jessye Norman, mezzo-soprano. Mahler's Resurrection Symphony. Royal Albert Hall (Tue).

Academy of Ancient Music conducted by Christopher Hogwood with Emma Kirkby, soprano, Margaret Cable, contralto, Ian Partridge, tenor, and Stephen Varcoe, bass. Beethoven and Mozart. Barbican Hall (Tue).

Les Arts Florissant directed by William Christie. Charpentier. St. Luke's Church, Chelsea (Tue, 9.30pm).

Australian Youth Orchestra conducted by Sir Charles Mackerras with Barry Tuckwell, horn. Tchaikovsky, Strauss, Richard Meale and Stravinsky. Royal Albert Hall (Wed).

BBC Philharmonic Orchestra conducted by Edward Downes with Irina Arkhipova, mezzo-soprano. Delius, Mussorgsky, Tchaikovsky and the first performance of a BBC commission by Brian Elias. Royal Albert Hall (Thur).

Ronnie Scott's, Frith Street: Maria Muldaur with her band. (439 0747).

PARIS

Quatuor Viotti: Schubert (Mon 8.30 pm) Saint-Severin Church, Métro Saint-Michel.

Alexandra Nomidou, piano: One Hour With Schumann (Tue 6.30pm) Town Hall of the 5th Arrondissement, 21, Place Du Panthéon, Métro Luxembourg.

Het Brabants Orkest conducted by Philippe Cambreling, Jean-Jacques Kantorow, violin: Mendelssohn, Martin, Elgar (Tue 8.30pm) Saint-Roch Church, 296 Rue Saint-Honoré.

Guy Robert and Michel Amoric, lutes: Lute In Contemporary Music (Wed 6.30pm). Musee Carnavalet, 23 Rue Sevigne, Métro Saint-Paul.

Het Brabants Orkest, Brabant Koor conducted by Andre Vandernoot, Sheila Armstrong, soprano, Bernard Kruysen, baritone: Brahms (Thur 8.30pm). Saint-Roch Church.

Ars Antiqua de Paris – One Hour of Troubadour and Elizabethan music and Spanish Canconero (Mon, Wed 6.45pm and 9pm) Sainte Chapelle, upper part with medieval windows. Bookings 340 5517 and on arrival.

VIENNA

Philip Swanton plays organ music of 16th and 17th century in the Votivkirche, Roosevelt Platz, on Monday.

New Vienna Baroque Ensemble conducted by Heinz Prammer with Bernhard Biberauer, violin, and Walter Sengstschmidt, Harpsichord, Vivaldi, Corelli, Haydn and Mozart. Maria am Gestade, Salvatorgasse (Tue and Wed).

Johannes Kropfitsch, piano. Chopin, Rachmaninov and Brahms. Bosendorfer Saal (Wed) (656661).

Musicians' Orchestra conducted by Ljubomir Romansky. Beethoven and Tchaikovsky. City Hall Arcade Court (Thur) (42800/2085).

SALZBURG FESTIVAL

Herbert von Karajan conducts the Vienna Philharmonic. Vivaldi and Tchaikovsky with Anne Sophie Mutter, violin. Large Festival Hall (Mon).

Herbert von Karajan conducts the Vienna Philharmonic. Schumann and Brahms. Krystian Zimerman, piano. Large Festival Hall (Tue).

Alban Berg Quartet: Mozart, Bartok and Schubert. Mozarteum (Tue).

Mahler's Second Symphony (The Resurrection): Boston Symphony Orchestra with Jessye Norman and Edith Wiens, conducted by Seiji Ozawa. Large Festival Hall (Thur).

(Festival information: 0662-42541).

WEST GERMANY

Cologne, Gürzenich: Gürzenich Orchestra, conducted by Yuri Ahronovitch, Alexis Weissenberg, piano. Hindemith, Beethoven and Fortner (Mon, Tue, Wed).

NEW YORK

New York Choral Society (CAMI Hall): The summer-long series ends with Robert DeCormier conducting an all-Bach programme (Tue) and all-Beethoven programme (Thur). 57th & 7th Ave (873 0096).

CHICAGO

Ravinia Festival: Kalichstein-Laredo-Robinson Trio. Haydn, Mendelssohn, Tchaikovsky (Wed): Larry Combs, clarinet, and Robert Weirich, piano recital. Schumann, Brahms, Ravel, Benjamin (Thur). Highland Park (728 4642).

Opera and Ballet

WEST GERMANY

Hamburg, Staatsoper: The week starts with Der Barbier von Sevilla finely interpreted by Rachel Joselson and Udo Krekow. Tosca, produced by Jean Pierre-Ponnelle, has Eva Marton outstanding in the title role, and Franco Bonisolli as Cavaradessi. Der Troubadour highlights the week with Piero Cappuccilli, Natalia Troitskaya, Eva Randova and Franco Benisolli. Othello is conducted by Guiseppe Patané. The cast includes Vladimir Atlantow in the title role and Rosalind Plowright as Desdemona. Die Hochzeit des Figaro rounds off the week.

NEW YORK

New York City Opera (New York State Theater): The company's 40th season continues with La Traviata, again directed by Frank Corsaro, conducted by Klaus Weise and with Marianna Christos singing Violetta and Robert Grayson singing Alfredo; Barber of Seville, conducted by Christopher Keene, directed by Toby Robertson, with Judith Forst as Rosina and Frederick Burchinal as Figaro; as well as Carmen, La Rondine and Rigoletto. Lincoln Center.

SALZBURG FESTIVAL

Der Rosenkavalier conducted by Herbert von karajan, with Agnes Baltsa, Wilma Lipp, Anna Tomowasintow, Kurt Rydl, the Vienna Philharmonic and the Vienna State Opera Choir. Large Festival Hall (Wed).

Idomeneo. James Levine conducts the Vienna Philharmonic and the Vienna State Opera Choir with Elizabeth Connell, Yvonne Kenny, Trudeliese Schmidt and Werner Hollweg. Riding School Hall (Tue).

Magic Flute conducted by James Levine with Ileana Cotubras, Ingrid Mayr, Ann Murray, Walter Berry, Martti Talvela. The Vienna Philharmonic and the Vienna State Opera Choir, at the Riding School Hall. (Thur). Festival information 0662/42541.

Exhibitions

WEST GERMANY

Düsseldorf, Hetjens-Museum, 4 Schulstrasse: To commemorate its 75th anniversary the museum, specialising in china, ceramics and glass as forms of art, is showing 400 ceramic vessels, sculptures and objects from the last five years. Ends Sept 16.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: Paintings, sculptures and graphics from the last two years by 500 artists living in West Germany. Ends Sept 16.

Berlin, Bauhaus-Archiv, 14 Klingelhöfer Strasse: The second part of an exhibition series dedicated to Wassily Kandinsky. This sequence has works from the painter's Russian and Bauhaus years between 1815 and 1933. It also contains pictures by some of Kandinsky's contemporaries. Ends Sept 23.

Goslar, Mönchehaus-Museum, 3 Mönchestrasse: Roughtly 100 architectural designs, graphics and photographic documents by Friedensreich Hundertwasser, a contemporary artist. Ends Sept 23.

ITALY

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

Venice: Palazzo Grassi: This year, the historical section of Venice's Biennale offers a huge and splendid collection of painting, sculpture, furniture and pottery dating from the Viennese Secession. This was the Viennese version of Art Nouveau, which began as a splinter-group formed by Gustav Klimt in 1897. The exhibition includes Klimt's enormous Beethoven frieze, and the poster advertising the secessionist group's first showing in 1896 – then considered scandalous, but which led to Whistler's nominating him a member of the Society of Painters, Sculptors and Engravers of London. Also works by Oskar Kokoschka, Egon Schiele, Hoffmann, Mackintosh and the Glasgow School. Ends Sept 9.

VIENNA

Treasures of Dusseldorf Art Museum: A cross-section of German artistic development throughout thenineteenth century. Prussian castles to a louche but inviting beer-hall and many scenes from everyday life. Calm and prosperous family groups hang amid other portraits and landscapes that are majestic, moving or even witty. Kunstlerhaus, Vienna, Ends Sept. 30.

INNSBRUCK

"The Tyrolean Nation 1790–1820": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

NETHERLANDS

The Kroller-Muller Museum, set in woodland at Otterlo, between Utrecht and Arnhem, offers a special opportunity this summer to see the museum's complete collection of 274 Vincent van Gogh works together for the first time. The museum also has fine paintings and sculpture by some of the most famous artists of the century, including Picasso and Braque.

TOKYO

New Stone Age Earthenware from Shiono collection: 300 items of pottery from the Jomon period (about 4000–250 BC). The important collection is mainly from excavations in Tama, Tokyo Suburbs. Tokyo National Museum. Ends Sept 16.

Historic Chinese Ceramics (from the Shanghai Museum of Art). The Seibu Museum has 98 important ceramic pieces from the Neolithic Age (4100–2300 BC) through succeeding dynasties to Qing (1736–1895 AD). The former is represented by an elegant and refined openwork stem cup in black and covered jar with incised pattern: the latter by the more familiar Ming blue and white. There is an exquisite Qing vase with closely painted motifs, an elegant white stem bowl with fruit design and a wonderful cross-section of Chinese ceramic masterpieces, the yield of recent excavations. Seibu Department Store, Ikebukuro, Ends Sept 5.

LONDON

The Tate Gallery: The Hard-Won Image – this summer's sequel to last year's New Art – is a personal survey by Richard Morphet, of the Tate, of British figurative painting and sculpture from the late 1950s to the present. It is a useful and even important show, for it makes the point almost in spite of itself that figurative art, far from being revived in recent years, never actually went away. The strength in depth of our figurative artists in this period is indeed gratifying. Bacon and Moore are the presiding masters; Hockney, Kitaj (honorary Englishman as it were), Andrews, Blake all predictably, and rightly included; Symons, Greenham, Collins, Weight, Harman and Lessore brought into deserved prominence; and the stars are Uglow, Freud, Auerbach, and Kossoff most of all. Ends September 9.

PARIS

Charles Schneider – an artist with glass and a magician with colours – began with Art Nouveau and its floral themes to become a pioneer of Art Deco with its geometrical design in his vases, goblets and lamps in rich hues. Louvre des Antiquaires, 2 Place Palais-Royal, 11am – 7pm. Closed Mon, Ends Sept 16.

Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum houses 144 works from Impressionism to the 1930 period. Renoir is richly represented with 24 of his paintings – among them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Concorde, 9.45am – 5.15pm, closed Tue (265 9940).

Marc Chagall – to celebrate the 97 years of the artist, whose paintings have lost nothing of their poetical magic. The floating figures remaining dreamlike, the jewel-like colours as mysterious as ever, there are, until the beginning of October, three simultaneous Chagall exhibitions. 200 works on paper – drawings and gouaches are being shown at the Centre Georges-Pompidou, Paris (277 1233), 85 paintings at the Fondation Maeght in Saint-Paul-de-Vence (93 328163), and stained glass, sculptures and mosaics at the Musée Message Biblique in Nice. (93 817575).

Marmottan's Monets: For lovers of impressionism, the Musée Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil, Impression-Sunrise, which gave its name to the whole movement. Monet's love of London is represented by the Houses of Parliament. In the last 20 years of Monet's life his garden in Giverny became his great inspiration. In glowing colours and changing light he painted its Japanese bridge and weeping willows and, above all, time and again the unforgettable Nympheas – waterlilies on still green waters. Musée Marmottan, 2 Rue Louis-Boilly, 16th Arrondissement. Closed Mon. (224 0702).

NEW YORK

Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection. No longer is it a boutique of the modern classics but more like a department store, with double its previous exhibition space and room for such examples of modern design as a whole helicopter.

Guggenheim Museum: 85 sculptures and works on paper from the permanent collection cover Degas to Calder, and include Arp, Brancusi, Giacometti, Modigliani, Moore and Miro. Ends Sept. 9.

Theatre

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 6810).

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6282).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Noises Off (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, arrived on Broadway in a cast headed by Jeremy Irons and Glenn Close, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

WASHINGTON

Quilters (Terrace): Based on American pioneer women's descriptions of their work in making quilt blankets, Molly Newman and Barbara Damashek's musical arrives in Washington between its modest origins in Denver and its ambitions for New York in autumn. Ends Sept 16. Kennedy Center.

TOKYO

Cats (Cats Theatre). The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

Bunraku (National Theatre): Like a smaller version of Kabuki, this puppet theatre for adults performed by the Osaka Troupe makes one of its few yearly visits to Tokyo. Plays, all 18th century, include Ashiya Doman Ouchi Kagami (The White Fox of Shinoda) and Seishu Akogi Ura. Matinee and evening performances daily. This unique Japanese puppet theatre communicates powerfully: exceptionally skilled technique and virtuosity, detailed English programme notes. (265 7411).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthy successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

Wild Honey (Lyttelton): Michael Frayn has reworked Chekhov's first play, usually known as Platonov, into an engagingly hilarious farce. This superb dramaturgical feat has Ian McKellen giving a brilliant performance at its centre and a shimmering design by John Gunter. The superb direction is by Christopher Morahan. (928 2252).

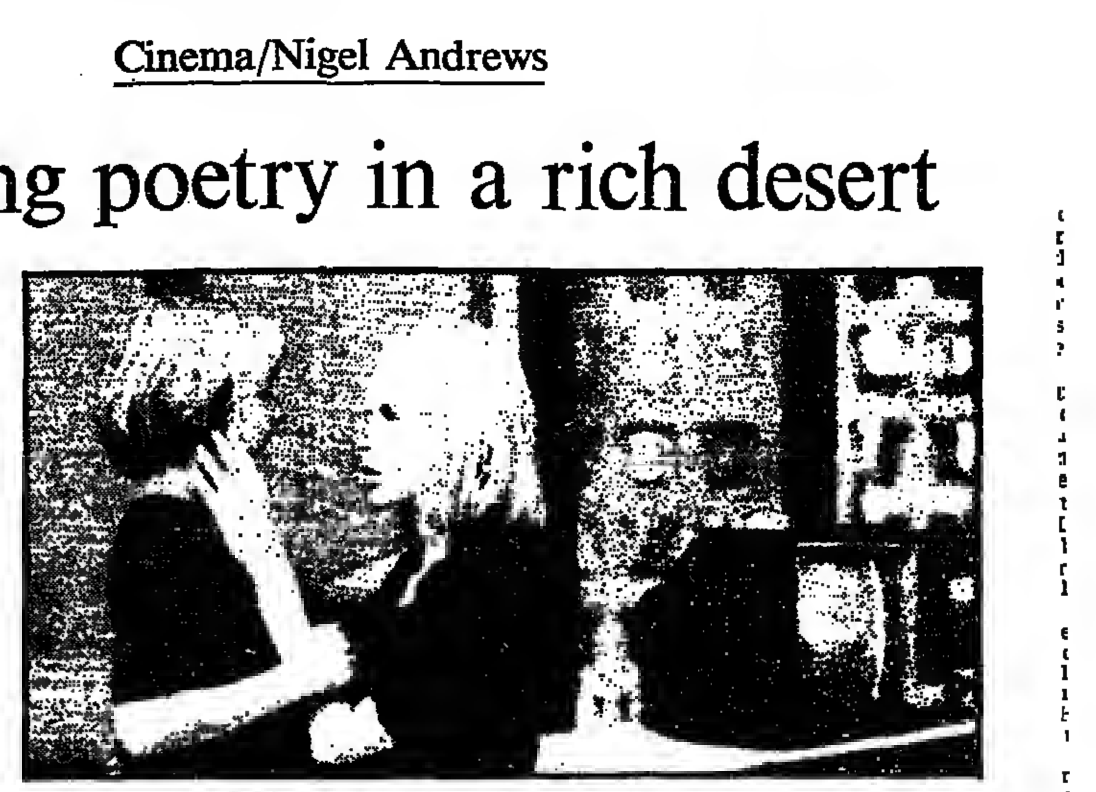
On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic with Makarova lifting her heels behind her ears and finding a brilliant opposite number in Tim Flavin. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

American Buffalo (Duke of York's): Al Pacino on a flying visit in the David Mamet play in which he plays a hoodlum habitué of a junk shop and gives an extraordinary exhibition of sustained manneristic acting (836 5122).

A Little Hotel on the Side (Olivier): New in the National's repertoire is John Mortimer's felicitous translation of Feydeau's farce better known as Hotel Paradiso. Benjamin Whitrow is a deliriously funny stutterer, Graeme Garden an adroit farceur. Confident, robust production by Jonathan Lynn with good designs by Saul Radomsky (928 2252).

Cinema/Nigel Andrews

Dazzling poetry in a rich desert



Nastassja Kinski with Hunter Carson in a scene from "Paris, Texas"

Paris, Texas directed by Wim Wenders
Edinburgh Festival
Orinoko – New World directed by Diego Risquez

It's no surprise in an age when we're besieged on all sides by ersatz or aerosol emotion—from the glycerine tears of Hollywood weepies to the spray-on euphoria of TV commercials—that we find it hard to tell the true from the trite. Many intelligent critics came out of Wim Wenders's *Paris, Texas* at Cannes poo-pooing it as art cinema's answer to *Terms of Endearment*.

To eyes bleary with balderdash, no doubt it must be so: the 2½-hour tale of a father's reunion with his young son and their cross-America search for a long-lost mother . . . yes, must be just another 8-Kleenex movie.

But it isn't. Nor is the wandering West German wizard who made *The American Friend*, *Hammett* and *The State of Things* about to down talent and go into the tear-jerker business. *Paris, Texas* is a multi-layered and dazzlingly poetic film. Begining with a conundrum, continuing with a quest and ending in a catharsis, it leaps tall metaphors at a single bound and is as unerring—if not as invisible—as a speeding bullet.

Harry Dean Stanton, bearded, dusty-suited and with eyes like bomb craters, plays the battered human vulture found wandering the Texas desert, mute and seemingly memoryless, at the film's opening. Whereupon Wenders and scriptwriter Sam Shepard do a tale unfold of mystery, quest, passion and buried tragedy, as Stanton's past is slowly disinterred.

First his brother (Dean Stockwell) and sister-in-law (Aurore Clement) scrape away the topsoil; Stockwell zooming off to the desert to haul his sibling out of oblivion and returning with him to the couple's home to confront him with his (Stanton's) seven-year-old son (Hunter Carson) whom the couple have cared for during his father's unexplained four-year disappearance. Then Stanton himself, his son and finally his long-lost wife (Nastassja Kinski) converge to enact the final exhumation.

Inspired by Shepard's Motel Chronicles, the film has a trajectory that is quite magical: from discord to harmony, loneliness to communion, wounded silence to confessional loquacity. The last act, played out in long duologues in the glass-partitioned labyrinth of a sex encounter palace, sees illusion and protective stoicism melt at last into truth and releasing pain.

En route the film is irresistibly humane, funny and touching, and quite thrilling in its symbolic intelligence. Two spiritual stories at least underpin the dramatic one. There is Stanton's "rehabilitation" from a life of fear and flight; an emotional vertigo figured forth for us in his love of keeping close touch with the earth. (He'll walk vast distances rather than step into a car; he won't fly; he even cleans the shoes of his brother's family one night, as if they were the sacred touchstones of man's need for terra firma.)

And there is the El Dorado hum of exoticism in "Paris, Texas," the half-horse desert town where Stanton has bought sight unseen an idiot piece of land (it's the place his parents first made love, be says) and whose name boasts a surreal beyond — beyond America, beyond probability, even beyond reach. (He doesn't get there.) And that beckoning mystery is extended to the *dramatis personae*. Both Stockwell's wife and Stanton's are played with accents alluring and talismanically adrift by foreign actresses.

As in all Wender's best work, there are rich layers of subtlety even in the throwaway leitmotifs — human evolution from dinosaurs to space travel is rhymed with the conquest of emotional frontiers — and both in its size and its ability to fill that size with meaning and beauty, *Paris, Texas* is one of the great films of recent years.

*

The Edinburgh Film Festival counted *Paris, Texas* among its jewels, which were plentiful this year. Indeed, one strongly suspected that a relay team of jets was busy whooshing between Sunset Boulevard and Lothian Road, dropping from the skies at least one Hollywood blockbuster per day. Some of these movies in so falling had the unfortunate effect of knocking one out cold, viz, John Huston's talky and monolithic *Under the Volcano*. But all hail to *Spinal Top*, *Racing with the Moon*, and the bumbler but no-less-compulsive *Repo Man*, reviews of which are otiose here since they open in Britain during the next few weeks.

Elsewhere, Edinburgh caught in its ample kitt at least three films which should now be invited south.

Diego Risquez's *Orinoko — New World* wings in from Venezuela and is an amazing pageant, scrambling history and fantasy together and celebrating (sometimes iconically, sometimes ironically) the famous explorers who have stumbled upon the New World: Columbus, Raleigh, de Humboldt . . . The concatenation of European and South American culture, Risquez (who also plays Raleigh) suggests, created a world in which neither side was equipped fully to understand the other and whose fecund bewilderments are here bodied forth in an amazing, jagged stream of images, religious, tribal, folkloric or simply surreal. (A prone white horse gliding down a river current, plumaged warriors posed like saints in the niches of a broken arch.)

The film is a hauntingly fractured poem to the unknown and unknowable, like *Aguirre, Wrath of God* without even Herzog's sustaining stem of narrative. And it's also a technical wonder, having been shot on Super-8 and blown up (without too many shrapnel wounds) to 35 mm.

German Pictures gives us another kind of culture shock. Hartmut Bitomsky and Henier Muhlenbrock made this documentary compilation of Nazi *kulturfilme*: short films shown before the main feature between the years 1935 and 1945. Though not confessedly propagandist, they pound on with portentous national pride through such topics as the athletic endeavours of the new German youth, the new morality in upbringing and education ("This is the story of a boy who gave up sweets and became well liked"), and the greatness of the German metal processing Industry. (Positively Wagnerian this, with armies of tin cans and other reject bric-à-brac being recycled into "*reinea' klnres*" metal.)

Samuel Beckett's experience of Nazism—he worked for the French resistance and narrowly escaped arrest by the Gestapo—may be one of the tributary factors in his doomy, dedicated minimalism. "There is a certain grim pleasure in stating the worst perfectly," says the narrator in Sean O'Mordha's documentary portrait *Samuel Beckett—Silence to Silence*, which is fulsomely and somewhat ill-focusedly overvoiced by actors who tend to sound like Michael Mac Liammoir speaking into a handkerchief.

But there is Information here and also enlightenment; plus a rare glimpse of the original ms. of *Waiting for Godot*, written (but of course) in a school exercise book and sporting Beckett's own original sketches.

Edinburgh boasted other goodies: Richard Lowenstein's *Strikebound* from Australia, Allen Fong's *Ah Ying* from Hong Kong, Joel Coen's *Blood Simple* from the U.S., and a 40-film Japanese retrospective.

I still think there is room for more specialised corners in the festival and more of the mini-seasons and homages that used to proliferate in Edinburgh: tributes to this director or that cinematographer or that new movie movement. But 1984 will do very well to be going on with. And so will 1985, for that mater, if festival director Jim Hickey gains the same plenitude of Eastern and Western riches.

Black moments on the silver screen

WORST FILMS

Beyond the Valley of the Dolls
Exposed
History Lessons
The Human Factor
O Thiassos
La Pirate
Plan 9 From Outer Space
Up in Smoke
The Wife Contract
The Wiz

CINEMA is the only artistic form in which badness sometimes attains mythic stature. Being at the same time both larger than life *and* mass-produced, movies can purvey the lowest common denominator, while keeping the highest possible profile.

Let us make clear, however, that there are two kinds of bad film. As well as the kind we enjoy there is the kind we don't. The first, the good-bad film, is no penance but a joy forever, a work where just about everything has gone wrong but with such panache and innocence that you can't help having a good time.

The second category, by contrast, the bad-bad film, is unmollified suffering: movies that are undone not by endearing naivety but by enraging pretension.

Accordingly, the following top 10 is divided rigorously between the two categories.

The bad-bad films: *The Human Factor*. Graham Greene, thou shouldst be livid at this hour. Otto Preminger came to Britain to turn Greene's haunting tale of beleaguered love and warring loyalties into a zombified thriller worthy of *Bergerac* on an off-day.

Up In Smoke. Surely the worst comedy in cinema history? Cheech and Chong, the famous Hispanic double act, have a wild and wacky time in drug-running Mexico, but we, the audience, do not.

Theo Angelopoulos's O Thiassos (or any of his films except *The Travelling Players*). Angelopoulos is the Greek director whose slow-paced films make you want to go out and do something more exciting, like watching grass grow.

With the one illustrious exception, his epic minimalist style delights in characters taking 10 minutes to walk across a Greek hilltop or 15 minutes to lift a spoonful of moussaka to their mouths.

Jean-Marie Straub's *History Lessons*. This is the 1973 German film in which Brechtian alienation attains criminal status. Wordless 10-minute shots taken from a car driving through Rome are intercut with characters in togas reciting Brecht in an unvarying monotone.

Sidney Lumet's The Wiz. Perhaps the most remarkable of all musical comedy movies, this song-and-dance version of *The Wizard of Oz*, is at once tuneless, jokeless and doesn't move.

It is also the only film to star Diana Ross *and* Michael Jackson and Lena Horne and yet to perform like a lead balloo at the box office. See it, and you'll know why.

Next, with a contrasting cheer of relief, we turn to the good-bad films. Russ Meyer's glorious tribute to the Jacqueline Susann-Harold Robbins axis of sex-and-hokum novels, *Beyond the Valley of the Dolls*. This is a slight cheat since the film was made as a burlesque; but intended badness, one could argue, is just as bona fide as unintended.

James Toback's solemnly ludicrous thriller *Exposed*, where anarchy meets eroticism and where the scene of violinist Rudolf Nureyev caressing with his bow the body of terrorist Nastassja Kinski is but one of many great crackpot moments.

Plan 9 From Outer Space, surely the finest of all Hollywood's unidentified flying fiascos. Who can forget the airborne dustbin lids posing as alien spaceships, or the tendency of Bela Lugosi to change size with each scene? (He died in mid-shooting and was replaced by a dissimilar double).

Jacques Doillon's enjoyable *La Pirate*, a seriously intended (I think) French sex melodrama set in Calais, starring Jane Birkin (of the *heavy-breathing chart-topper*) and rejoicing in such lines as "I don't want to kiss you, I want to smash my teeth against yours."

And my personal discovery of recent years, James Tobalina's *The Wife Contract*, where the plot of *Strangers on a Train* meets the dialogue of *Falcon Crest* and the result is immemorial chaos.

Nigel Andrews

Tomorrow, the last in the series: Not the top 10

A reprint booklet of this series will be available shortly, price £1.95. Cheques or postal orders, made payable to Financial Times, should accompany all orders, which should be addressed to: Nicola Banham, Publicity Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

Treats/Mill at Sonning

B. A. Young

Christopher Hampton's *Treats*, first seen at the Royal Court in 1974, has a very simple theme, a woman's choice between two men. There is no hint of a sub-plot or anything like that. Yet the portraiture of the two men, indecisive Patrick and decisive Dave, is so clever, the dialogue so subtle and amusing, that for me there isn't a dull moment in the play.

This is not to say that Brian Stirner, the director at Sonning, hasn't done his best to provide some. To begin with, he has cast two almost interchangeable actors as Patrick and Dave. The important thing about these two is that they must provide a contrast. Patrick works at the same office as Ann, with whom he is living. He is clever, and dull, and above all uncertain. His sentences, even when it seems possible that they may make sense, are likely to be left unfinished. (Mr Hampton has in fact more or less brought him in from an earlier play, *The Philanthropist*.

Dave, unlike Patrick, is completely positive. He has just come back from an assignment for his paper in Beirut. (It was Cyprus in 1974; the political references have been sensibly updated throughout.) When he left Beirut, he had been living with Ann for 2½ years. To find his place taken by "the office bore" and his dog given away to the newsagent is a situation to be treated with the same determination as bombing in Beirut. He talks to Ann and Patrick with the friendly sternness of a news editor briefing reporters. Things have got to be right, and clear, and decently expressed.

At the Mill, David Ashton and Phillip Joseph, as Patrick and Dave, are simply a pair of identical actors. They look alike, they sound alike, their accents are the same, they speak their lines in an identical style. The innumerable subtleties of accentuation which these roles roles demand are scarcely heard, and a lot of good jokes are lost.

As Ann, Catherine Owen emphasises her neutrality by keeping her face rigidly expressionless, like one of Landseer's lions in Trafalgar Square. When she has to weep, she turns her face away from the audience, lest we should see that she is capable of registering emotion. Sometimes I felt that I was just overhearing a read-through.

Douglas Heap has laid out Christopher Hampton's detailed set ingeniously on the awkward space of the Mill stage and if it doesn't correspond precisely with the stage directions (Hampton is as specific in his stage-directions as Feydeau), no harm is done. *Treats* is a good play, and not done often enough, especially when you consider how economical it must be to put on. I recommend seeing this production in a few weeks when it has played itself in a bit.

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Second try by the left

FOR THE second time in two months, the left-wing officials whn speak fnr the dockers in the Transport and General Workers' Union are threatening a national strike whicb is essentially in support of the miners—or more narrowly, in support of the efforts of the Scottish miners to restrict supplies to the Ravenscraig steel works.

Both sides seem on this occasion to have drifted more or less helplessly into o situation which nobody concerned seems to want, and which reflects little credit on anyone except the steelworkers of Ravenscraig, who are naturally determined to do al lthey can to protect their own jobs—not to mention those of the dockers and miners who threaten them.

The union's action can only be understood in terms of power and politics. It can hardly expect to bring the Government to its knees by threats to a stelworks which the British Steel Corporation itself recently wished to close down; but a national dock strike, if the call is made and proves successful, could if it la prlonged force the breaking action to protect the economy at large. The whole strategy of Mr Arthur Scargill and his sympathisers on the hard left is to provoke the angriest possible confrontation, and so, they hope, to revive flagging working-class solidarity. The strika threat cannot therefore be described as irrational; but we hope that ordinary working dockers understand the game they are being invited to play.

Issues

In this respect the new threat is not quite like the one which arose two months ago. At that time the union could still talk credibly of a possible Government threat to the dock labour scheme itself; and non-union labour had actually been used to do dockers' work at Immingham. This time round both the Government and the employers are publicly committed to the scheme, and there has been no "scabbing."

The ostensible issues bere—the fact that a ship berthed without tugboats, and that steel workers did their normal work without "supervision" from dockers—cannot possibly be described as a threat to dock employment. It is simply about the power of trade unions to force "blacking" in support of other unions. This is hardly a great national cause; it is also, as it happens, a civil offence under existing law.

The law can bardly be mentioned without drawing attention to the Government's remarkahly passive role up to now. It has had enough pragmatism to restrain the steel industry from protectin its interests in the courts, but not eoough to dissuade it from taking what was known to be provocative action almost on the eve of the TUC's annual conference. It is at this conference that Mr Scargill is due to make his last-ditch attempt to hroaden the pits dispute into some form of national disruption. If o dock atrike la in progress at the time, the deep and potentially vicious divisions in the movement will be sharpened.

Bitterness

Only tbe foolisb will derive any satisfaction from these divisions. The militant, embattled Left may not be representative, but it still has immense powers to disrupt; and embittered inter-union relations can halt the progress towards realistic, flexible and constructive labour relations which has been made recently. Everyone knows that it will be desperately difficult, when the fight is over, to restore decent working relations in the mines. It will be damaging for everyone—not least the unions—if such bitterness becomes more widespread.

It is still possible that the problem will resolve itself—that the response to a strike call will be very limited, that the union will satisfy itself with a short demonstration of solidarity (which might be more widely supported) or that tha strike, like the last, will be very brief. It would be improvident to rely on such hopes, though; and if a strike is mounted, both the TUC and the Government should move urgently for conciliation. If all the activity is left to the militant, commonsense has little chance.

Weizman's straw for Shamir

MR EZER WEIZMAN, a former Israeli defence minister, bas pledged the support of his Yahad party to Mr Shimon Peres and the Israeli Labour Party in their efforts to build a new Israeli Government. The development gives Mr Perea a sporting cbaoce of constructing e fragile coalition himself, instead of continuing the weary negotiations on a government of national unity with the right-wing Likud party led by the outgoing prime minister, Mr Yitzhak Shamir. Such a national unity government still cannot be ruled out; hut on balance a Labour-led coalition now seems the most likely outcome, and the most hopeful one as well.

The talks about the national unity government bave had a barren feel to them. Likud and Labour remained at odds on future policy on the West Bank—whether the building of settlements should be halted or continued, and whether Israel ahould be ready to surrender any of the territory in the West Bank and Gaza strip in negotiations with King Hussein of Jordan.

Above all, there wos not a sufficiently strong message of concern from the electorate ot large to force the party leaders to settle these crucial differences. Try as the central bank migbt to emphasise the critical economic position of Israel, the puhlic remained apathetic and the politicians intransigent.

Orthodoxy

The support of Mr Weizman gives Mr Peres control of some 55 seats in the 120-seat Knesset. To obtain an absolute majority Mr Peres will bave to woo the support of the National Religious Party witb four seats and of Agudat Israel with two. The NRP would impose a greater degree of conservative religious orthodoxy upon Labour's progressive aoproach. It would not bold for instance, with fligbts bv El Al upon the sabbath ond would be most reluctaot to make concessions over the West Bank. Agudat Israel would be a still more orthodox aod reluctant ally of Labour, but even without it Mr Peres could bope to govern as a minority coalition because the four Communist members of tbe Knesset and the two representing the "Progressive Party for Peace," while not members of the Peres coalition, could be expected to supoort him over the most contentious issues.

What ore the problems with wbicb this tenuously based Government will bave to deal? The economy is the one area in which a national unity government might arguahly bave proved o better bet. In their exploratory talks the two parties were in broad agreement over the need for draconian cuts in public spending, increased taxation and the need to control and modify the self-perpetuating inflation machine that feeds Israel's 400 per cent inflation straight back into wages. Yet it ia possible that Lahour may be as able to persuade the Histadrut, the trade union federation with which the Labour party bas close links, to agree to the need for a social contract, as would a grand coalition.

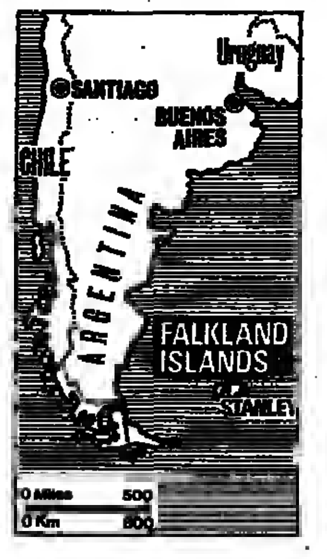
Withdrawal

In the matter of Israel's external security, we bave long felt that the Labour party's approach beld out a greater chance for an uneasy long-term peace than the bord military and nationalist line bequeathed by Menacbem Begin to Yitzhak Shamir. It is now common ground between the Likud and Labour that withdrawal of Israeli forces from Lebanon should be brought about as soon as possible, thus bringing the largely fruitless Lebanon adventure to an end.

On the West Bank one would bope and expect that a Peres government would balt the construction of new settlements and limit development to places wbere Israelis are already established. It is most unlikely thet a Labour Government, even one with a bandsome majority, would move to dismantle settlements as part of a territorial compromise. But Labour's policy would be a less open affront to both the inhabitants of the West Bank and the Arab world as e wbole than Likud's and would make the prospect of o resumed peace process a little more credible.

In contrast to Likud, Labour is willing to consider a trade of some occupied territory for guaranteed peace. If Mr Peres were able to assemble a coalition it would therefore offer a slim cbance that a newly-elected President Reagan could pursue with King Hussein in Jordan the 1982 peace plan wbich Likud so roundly rejected. The political basis for such a venture provided by a Labour coalition could bardly bc described as solid — but the solidity of the alternative government of national unity promises to be the solidity of deadlock.

FORTRESS FALKLANDS

Tho two faces of the Falklands: Sheep farmer Bill Luxton, and British troops, examining a piece of Argentine artillery on Mount Longdon

'When you have looked down the barrel of a gun, there's no hurry to shake hands'

By Jimmy Burns, recently in Port Stanley

ALONG THE waterfront in Port Stanley, the Falkland Islands' only two major monuments in remembrance of the two world wars bave been joined by a third. The Liberatioo statue, paid for by the islanders as tribute to the sacrifices of the British Task Force is the most immeditely visible reminder of what occurred during three traumatic months in 1982.

For the lasting impression of Stanley todoy is of a small backward community not so different from an isolated township in the wilds of Scotland with inadequate housing and an indigenous population of less than 1,500. Their only refuge from the bitter Antarctic winds ore their peat fires or the local pubs in which they can drown their boredom.

Finding a viable future for the islanders appears as intractable a problem as it did before the war. Most are resolutely against any accommodation with the Argentine mainland that might even hint at some future transfer of sovereignty. "When you've been forced to look down the barrel of a gun you are in no burry to shake hands," says one local, echoing many more.

This Buenos Aires correspondent has never felt as far away from Argentina—with all its surface sophistication—as during a 10-day stay among a people who dress badly, rarely worry about inflation, and who can hardly put two words of Spanish together.

Photographs of dead Argentines are prohibited

Periodically British fighter jets screech along tha estuary and the drone of transport aircraft echoes across the barren hills. You can scarcely walk along a street at daytime withoutbumping into a soldier. At least two of the pubs bave been turned into virtual mess rooms at night by the troops.

The new "military" force of the Falklands is at its most striking on the road that leads to the airport and the airport itself. There is also the Command headquarters built above the old Government House in a position which neatly symbolises the pre-eminence of the Armed Forces. From bere the island's new military Commissioner General, Major-General Peter de la Billiere, co-ordinates the defence of the islands the perceived threat from Argentina. His last job was director of the Special Air Service (SAS).

The troops are no longer billeted in Stanley—as they were for at least a year after tha war. But the islands' jagged coastline is protected by isoloted detachments of Coldstream Guards, some half a dozen frigates, a nuclear submarina, and two converted tugs used as patrol boats by the Royal Marines. The term Fortress Falklands, is an exaggeration. Nevertheless the military presence and tha effect it has bad on the islands as a wbole should not be underestimated.

Arriving by air, it seems at first as if the island is actually under military occupation. Stanley airport, badly damaged during the war, bas been rebuilt and reinforced as the Royal Air Forces' current main base. The transit lounge is usually packed with soldiers occasionally screamed into a semblance of order by tha sergeant on duty. Incoming passengers — civilian and military—are presented with a typed sheet of paper, warning that many of the fields in tha area are out of bounds because of mines. Those leaving must read a list of prohibited items, which includes empty artillery shells and photographs of dead Argentines.

Outside the main building the airport's single runway is flanked by bangars filled with Phantom fighter jets and Harriers. They are protected by Rapiers, anti-aircraft guns and an array of additional equipment shrouded in camouflage nets. The Phantoms combined with three new early warning radar systems are the islands' first line of defence. They virtually guarantee that any fully fledged military invasion similar to that conducted on April 2 1982 could not be carried off without a great deal of bloodshed.

Supporting the airport, its surrounding buildings and tha rest of the estimated 4,000 troops on the islands is the military's new floating dock built at a cost of £22m by ITM offshore of Middlesbrough. With monthly imports of over 5,000 tonnes and exports of 2,500 tonnes, tha flexiport's current annual trade flow is about £30m.

Some 9,000 square metres of warehouse facilities ensure that the troops on the islands are permanently supplied with ammunition, petrol and almost every product imaginable, ranging from bars of soap to souvenir stuffed penguins, and including a generous list of alcoholic drinks and foodstuffs, both frozen and fresh. The total stock valun at any one time is pot at £12.5m.

The floating dock is proudly held up by the military as a symbol of efficiency and cost-consciousness. It is said that it will pay for itself within a year because fewer ships will be needed to supply the garrison and their turn-round time will be far faster.

The dock, however, has come dangerously close to upsetting the good relations witb the civilian population which the Army has worked so hard to foster. Most of the troops have managed to live on the islands without vastly disrupting the islanders' lives in marked contrast to the damage wrought by the Argentines during their hapless defence nf the islands.

Nevertheless, the islanders have been offended by the sigbt of army trucks daily depositing surplus stocks in the rubbish tip on the outskirts of the town—a process which locals allege is particularly pronounced whenever there is a regimental change-over each quarter.

"When you've been used to using everything all your life, it makes one feel like crying to see such waste," says Mrs Velmer Malcolm, the elderly owner of the Rose Hotel and secretary of the Falkland Island Committee, the virulently anti-Argentina Falklands lobby.

Even more ambitious than the floating dock is the islands' nrojected new airport currently heing constructed by Laing Mowlem and ARC under Ministry of Defence auspices. The Ministry's official line is that the airport will enable rapid deployment of troops to the islands in an emergency—the present runway at Port Stanley is unable to take any wide-bodied jets and thns involves a costly airbridge link with Britain using Hercules transports which have to be refuelled in flight between Ascension Island and the Falklands.

Once the airport is built, so the argument goes, the garrison will be abla to be run down, thus reducing the cost to the British taxpayer of the current defance commitment in the islands.

Most islanders see the new airport ot Mount Pleasant as the most visible proof of Mrs Thatcber'a determination to retain sovereignty. Yet there has been surprisingly little local discussion about the impact the new airfield could bave on the islands.

Lord Shackleton was only tha most recent advocate of tha islands' development to insist that a modern airport capable of linking the Falklands to the outside world on a regular basis would be a key part of any plan to put the fragila local economy on a more stable footing.

The £215m new airport is costing far more than tha £30-costing far more than the £30m-£35m Shackleton estimated, but despite British insistence that the airport will pay for itself within a few years, there bave been no further details offered about possible non-military uses.

Wider political considerations appear to be behind official reluctance to publicly discuss the future character of Mount Pleasant. There is mucb local talk that the airport could become a major listening and control post of particular importance if the Panama Canal is cut off and links between South America and Western Europe need to be maintained around Cape Horn. Equally there is talk of the airport as a staging post for British exploration of Antarctica in the 1990s.

But for the moment all this is speculation. It is clear that construction has proceeded with remarkable speed and that the British Government seems in no burry to complicate any negotiations with Argentina by being too specific about the airport'a purpose.

The estimated £3bn earmarked for the garrison and tha replacement of lost equipment over a five-year period (1982-87) is certainly in striking contrast to the £30m which will be spent over the same period on the "development" of the islands. Local officials admit privately that the sums set asida will not be sufficient to bring about a major transformation of the island economy. Tba money is likely to be adequote only to keep the islands going, and to arrest the depopulation that was taking place before the war.

Last year 30 islanders who left for the UK during the conflict returned and there were 40 new immigrants. But a trickle of disillusioned islanders has been leaving Stanley in recent months.

"We are not expecting mass immigration or mass investment in the future. The best we can hope for is to get some more islanders back," says Mr Simon Armstrong, the general manager of the Falklands Island Development Corporation which was set up recently by Whitehall and the local government to supervise and finance economic change on tha islands. It is part of a general revamping of the island administration which has included the appointment of Mr David Taylor, an energetic former director of Booker McConnell to the post of chief executive. Mr Taylor advises and co-ordinates with Sir Rex Hunt, the Civil Commissioner, on local policy issues.

A key part of the development strategy is to improve the productivity of the island'a most important "industry," sheep farming, through grasslands improvement and the transfer of farms to individuals. Many are still owned by absentee landlords.

Three farms have been transferred since the end of the war and farm subdivision is expected to continue in the future at a rate of about two farms a year. For the moment, bowever, officials appear reluctant to implement the more far-reaching agricultural reforms recommended by Lord Shackleton, preferring to operate along lines already established in the past.

Thus, two and o half years after the war, the position of the Falklands Island Company in the island economy remains virtually untoucbed. The FIC produces over 40 per cent of the islands' wool, operates the main civilian internal and external cargo service, and owns Stanley's main supplies store, the West Store.

In the past the FIC was the whipping boy for the islands' underdevelopment, but since the war its officials bave gona out of their way to underline their commitment to the islands' future and their adaptability to the changing circumstances.

"You could say that cbange baa been forced upon us," says Mr David Brittan, the FIC's recently appointed general manager.

FIC officials point to new machinery, horses, sheep and a new school at the main settlement in Goose Green as evidence of their commitment. But most of this simply replaces material destroyed in the war and is financed by a £15m government compensation scheme. There is not much sign of new investment by the company's parent Coalite.

Houses without electricity and running water

Tbe FIC's most significant new move so far has been in fisheries. It has signed a contract with the Japanese company Taiyo jointly to investigate the potential of the islands' fishing grounds. The British Government bas been coming under increasing pressure from Falkland islanders to declare a 200-mile fishing zone so as to conserve stocks and ot the same time to ensure a steady income by the issue of licences.

Many Foreign Office officials would agree with the second the war. It argued that the best guarantee of an effective management and conservation of fisheries in the area is joint exploration in collaboration with Argentina. To declare the fishing zone would create a new source of tension and incur additional surveillance costs,

Men and Matters

New look in store

The man wbo is to guide the fortunes of Woolworth's for the next five years, with the aim of bringing some of the sparkle back to Britain's largest store chain, is to be 42-year-old Geoff Mulcahy.

He bas been mada chairman and chief executive of the 800 or so main Woolworth stores in the High Streets as well as becoming managing director for the wbole group.

This includes large superstores, the B and Q do-it-yourself chain, and the recently acquired Comet electrical discount stores.

Mulcahy bas been close to John Beckett, cbairman of Woolworth since a financial consortium bought the stores chain from its U.S. parent in late 1982.

Surprisingly for someone wbo is effectively to be in cbarge of a retail group that bas more space than Marks and Spencer, Burtons and British Home Stores combined, Mulcahy does not bave o retail background.

Armed with a chemistry ond physics degree his career bas been largely spent with Esso and with Britisb Sugar, wbere he met Beckett.

Mulcahy does not think you need to be brought np a retailer to run a large group such as Woolworth's.

"The job is about managing cbange ond developing strategy," be tells me, "and making sure we offer a consistency of approach."

Mulcahy, moreover, will not be entirely on his own. Beckett is bringing in a number of brigbt young retailers. These include, Richard Harker (ex-Asda) and Colin Brown (ex-Littlewoods). They have been named joint managing directors of the main High Street operation.

Despite some success over the past 18 months in refurbishing the Woolworth image, nobody doubts that the new team faces a tough challenge in getting the group back into top shape.

"Hey let's see if Ian MacGregor and Arthur Scargill are on 'Call my bluff.'"

Off screen

Mamoun Hassan, managing director of the National Film Finance Corporation is privatising himself.

Hassan, anticipating action by the minister for films, Kenneth Baker, resigned earlier in the summer. This was just before the long-awaited film industry White Paper which recommended replacing the NFFC with a private company.

Hassan is joining Michael Peacock's video and film independent, Video Arts. Peacock, former chief of programmes at BBC2 and Controller of BBC1, plans to pusb ahead into feature films and Hassan will produce several films and supervise the production of others.

The move raises some interesting thougbts. The body replacing the NFFC will be made up of companies auch as Thorn EMI Rank, Channal 4 and vidao production companies.

What if Video Arts decided to invest in the new privatised "son of tha NFFC." Could Hassan find himself back on the board?

Whatever happens, Hassan is going ont on a high note. The latest batcb of films which the NFFC belped to finance are looking good.

"Another Country" is said to be doing exceptional business in New York and Los Angeles, and there are high bopes for "Dance with a Stranger," based on the life of Ruth Ellis, tha last woman to be hanged for murder in England.

The film, produced by Roger Randal Cutler, was directed by Mike Newall from a script by Shelagh Delaney. It was chosen on the basis of early rushes for the gala performance ot the Toronto Film Festival.

Food for thought

A dozen journalists launched with evident pleasure in London yesterdav on morsels of "chicken, cold meat pie and steak pie" produced by RHM, the bakers, in its laboratories at High Wycombe.

It was a meal rich in protein, high in fibre, low in fat and devoid of cholesterol, according to RHM scientists—and, of course, did not contain a bit of meat or poultry.

For 20 years RHM bas persevered in pursuit of its dream of introducing a truly novel food, and now embarks on what it happily describes as "a joint venture" with ICI called New Era Foods. The Government is chiopinz in £1.5m in the cause of biotechnology.

ICI's role is to heln RHM get manufacturing costs down to the nrice of natural foods, says Rob Margetts, the man responsible for ICI's hiotech activity on Tees-side.

Each bite at yesterday's luncb cost RHM a few pounds, says research director Jack Edelman. That is the cost of making tha raw material—a kind of micro-mushroom called mycoprotein—and fashioning it into a facsimile of chicken or bam.

Unilever, which bas belped RHM with some test-marketing, even went so far as to create a whole 'chicken" but the expense was borrendous.

Oil-seed

So many sunflowers have been sprouting on North Sea oil platforms this summer that rumour suggests many companies are extracting oil from them to boost production.

But the reason for the floral display turns out to be a competition, organised by McAlpina Humberoak, the offsbore engineering and construction company, to see who could grow the tallest and biggest sunflowers. Money raised from the contest is going to the Royal Scottisb Society for the Prevention of Cruelty to Children.

Thirty-three oil and gas platforms took part — and two-thirds of them managed to raisa sunflowers well over one metre tall. Bnt BP Forties Bravo grew the tallest flower at 4.58 metres, and Britoil Beatrice AP cultivated the biggest flower with a diameter of 60 cm.

Tales of sabotaga attempts are rife among the growers. One swears his flowers were decapitated by a predatory helicopter whose pilot observed: "It's a lot less bovver with a hover."

Water-line

From the Irisb Times: "Water restrictions have been imposed in some parts of tha country because of drought. We cannot confirm the story, bowever, that a notice has been displayed in a swimming-pool somewhere in the south-west saying: "Because of water shortages, lanes one, two, seven and eight have been closed."

Observer

BASE LENDING RATES

A.B.N. Bank	10½%	■ Hill Samuel	§10½%
Allied Irish Bank	10½%	C. Hoare & Co.	†10½%
Amro Bank	10½%	Hongkong & Shanghai	10½%
Henry Ansbacher	10½%	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	10½%	Knowsley & Co. Ltd.	11 %
Banco de Bilbao	10½%	Lloyds Bank	10½%
Bank Hapoalim	10½%	Mallinhall Limited	10½%
BCCI	10½%	Edward Manson & Co.	12 %
Bank of Ireland	10½%	Meghraj and Sons Ltd.	10½%
Bank of Cyprus	10½%	Midland Bank	10½%
Bank of India	10½%	■ Morgan Grenfell	10½%
Bank of Scotland	10½%	National Bk. of Kuwait	10½%
Banque Belge Ltd.	10½%	National Girobank	10½%
Barclays Bank	10½%	Notional Westminster	10½%
Beneficial Trust Ltd.	11½%	Norwich Gen. Tst.	10½%
Brit. Bank of Mid. East	10½%	People's Tst. & Sv. Ltd.	12 %
■ Brown Shipley	10½%	R. Raphael & Sons	10½%
CL Bank Nederland	10½%	P. S. Refson & Co.	10½%
Canada Permn't Trust	10½%	Roxburghe Guarantee	11½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	12 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	12½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶12 %	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Volkskas Limited	10½%
Consolidated Credits	12 %	Westpac Banking Corp.	10½%
Co-operative Bank	*10½%	Whiteaway Laidlaw	11 %
The Cyprus Popular Bk.	10½%	Williams & Glyn's	10½%
Dunbar & Co. Ltd.	10½%	Wintrust Secs. Ltd.	10½%
Duncan Lawrie	10½%	Yorkshire Bank	10½%
E. T. Trust	11½%		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	13 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		
Heritable & Gen. Trust	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1-month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000. 12 months 10.00%.
† 7 day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
¶ 21-day deposits over £1,000 8¼%. Demand deposits 7¼%.
‖ Mortgage base rate.

"WE'RE not a moderate union," says one senior official of the Electrical, Electronic, Telecommunications and Plumbing Union, with pride and relish. "We're a *right-wing* union!"

Such aggressive certainty is characteristic of the EETPU: the unique blend of the union *attracts controversy like a magnet.* It is steeped in its past, ye,t more than most unions, looking hard towards its future, drawing together within itself such disparate elements as microchip workers and medieval guild remnants.

The particular issues change, bu all are rooted in the mix of the union's near-formal isolation from much of the UK trade union and lebour movement, and its own rock-solid belief in a link between its leaders and members.

Current controversies include its sharp and public criticisms of both the morality and prac*tice of the miners' dispute,* especially its accompanying violence; the EETPU's so called "no-strike" egreements, often with Japanese companies; and *its attempt* to secure the *TUC's* re-commitment to Nato. All these will once again thrust the EETPU Into embattled prominence at the TUC Congress in 10 days.

At last year's TUC, the EETPU was on top—at least partly because Frank Chapple, its outstanding and antagonistic *gesneral secretary, was TUC* president. At the culmination of his trade union career—Mr Chapple is due to retire after this year's TUC Conress—he *set the tone in the wake* of Labour's shattering electoral defeat in June 1983 for e thorough re-examination of trade union policies and practices that come to be called the "new realism."

Now, EETPU leaders recognise thta succeeding events—the NGA dispute, GCHQ and the miners' strikes—have dealt the new mood a devastating, possibly fatal, blow. But they argue vociferously that the problems which new realism attempted to counter will not disappear.

Internally, more than most unions, the EETPU has doen so. Following the pivotal court battles 25 years ago which finally ripped out of the union its corrupt, Communist leadership—"an incomparable turning point for me," Mr Chapple still says now—the right-wing leadership set about root and branc reform of the union.

Its assault on the left, that *has created* enmity and *division,* with sustained charges against the leedership of inexorable centralisation, shutting down opposition, and re-moulding the *union* in a *right-wing* mirror image of its oid Communist days.

In reply, the union's leaders point to the EETPU's unrivalled computer-based direct communication with and reflection of its 395,000 members—not its activists who, left or right, are by definition unrepresentative, in the EETPU's code.

Externally, its most notable responses to change have been its drive, followed by other unions, to recruit members in the "sunrise" new technology industries, and its pioneering of "no strike" deals.

Roy Sanderson, the EETPU's succinct, pragmatic and highly competent engineering officer, seems to embody the spirit of business or enterprise unionism for which the EETPU is abused by the left.

Mr Sanderson is the principal architect of the "no-strike" deals. "They are an ettempt to *find a new way of solving disagreements* between the company and the trade union," he says. "Normally we solve them in Britain by a trial of strength," which often *damages* both the company and the employee.

He is aware that they are a gamble. "*They may fail.* These agreements may fall flat on their face and in a few years' time the people in these companies may return to the same oid bad habits that we have had in Britain for decades," he says. "That's a possibility. But even if that happens tha experiment has been worthwhile."

The EETPU's top-level union critics are more idealistic, seeing these deals as conceding fundamental rights which are not the EETPU's to sell.

Bot on the shopfloor, employees working under such agreements take a more practical view. Mrs Joan Griffiths, EETPU shop steward at Toshiba, where the first of these deals was struck, says: 'It's no good my going in and asking *for a* £20 a week rise if *I know that* our *profit is* way down, because I would know then that the job security of which we are aware and fighting for is going to be down the *drain.*"

Such initiatives as these and the EETPU's extensiva commitment to union education help to draw a *plethora of* endorsements: Mr Tom King, Employment Secretary, "warmly welcoming" the union'e training standards; Sir Walter Marshall, chairman of the Central Electricity Generating Board: "Your union is a haven of commonsense and rational thought"; Mr Neil Kinock, Labour's leader, "most impressed" by the EETPU's education work; and Mr Parry Rodgers, personnel director of Plessey: "They are probably the best union wa deal with."

But they also prompt the most savage criticism in the union movement. "The EETPU, and Chapple in particular, are an embarrassment," says one senior union left-winger. "Not just to people like me—but to the centre, and even the right." No, says a right-wingar—but "it has been a bit clumsy in recent years. "Genuineiy eccentric," says one general secretary.

Characteristically, the union hits back in kind. Mr Chapple, in his forthcoming autobiograpby,* is scathing abont almost everyone, even those who might be his supporters: Clive Jenkins is a "pipsqueak"; Neil Kinnock e "political eunuch," Terry Duffy "not one of nature'a great tacticians"; Tony Benn a "political knave and double-dealer"; David Basnett "so often weak and vacillating"; Arthur Scargill a "*big-mouth* and a raging egomaniac."

Populist, charismatic, rough, Mr Chapple comes from the hard school of the Communist Party which he now loathes and can both give and take the knocks. "I'm the man they all love to hate," he says. Belligerent and autocratic, his belief in the supremacy of the ordinery union member is unswerving.

Mr Chapple's departure from the union and the TUC will leeve a gap which will be filled, though in a different way, by Eric Hammond, general secretary-elect.

Mr Hammond is in Mr *Chapple's mould*—he describes, *for instance,* political strikes as "total nonsense" and raised hackles by describing miners' leaders as "nursery revolutionaries"—but he *is* no clone. EETPU colleagues see him as more opaque than Mr Chapple, and less ecerbic. As one union general secretary said: "Eric *says the* same *things as Frank,* but be aays it with a smile."

Both both are united behind the EETPU's theoretical principle. "The EETPU ia different and *proud of it,*" *they* say in their presentation document on the union which will form the basis of the EETPU's unprecedented "sales" trip to Japan in October to woo *companies to* reach egreements with them.

The real challenge posed by the EETPU to other British unions lies not in its aggression, in its own *vision* ef its *democracy,* in its politics—but in the work its members do.

"It's not just high-tech companies or no-strike deals," says one union *competitor.* "In most workplaces there is the increasing introduction of electronic technology in ordinary jobs—all of which needs maintenance people. That *is their main* growth area."

In a changing world, the occupational base of the EETPU's membership is more assured than most unions. *As* Mr Chapple says, with some doubt that other nnions will be able to take his advice: "It might seem presumptuous to claim *that ours is* a *model* union.

"There is much more to be done by my successors, but we have worked with considerable success to remove the union's *inadequacies and faults,* to *innovate* and to create a union for today and tomorrow. The rest of the movement might do worse than follow our example."

**Sparks Fly! A Trade Union Life, by Frank Chapple. To be published on September 3 by Michael Joseph; £10.95.*

The present and the future: Frank Chapple (left) and Eric Hammond

Britain's electricians

A union that marches on its own

By Philip Bassett, Labour Correspondent

U.S. Treasury bonds

The difficulty of whetting foreign appetites

By William Hall in Washington

"WE HAVE no difficulty financing the U.S. deficit. We bave been sble to do it with no probiem. The question is can we do it a little cheaper. We do not know the answer, but we intend to find out."

Thus Dr Beryi Sprinkel, U.S. Under-Secreiary for Monetary Affairs, and one of the senior Treasury officials spearheading a public relations campaign almed at convincing a sceptical international investment community that the Treasury ts determined to seil more of its foreign debt to overseas customers.

At the last count, a mere 10 per cent of the $1.56 trillion (billion billion) in outstanding U.S. Treasury borrowings was heid by foreigners, and of tbis three-quarters wes owned by official institutions. So the Treasury bas plenty to shoot for if it is determined.

When President Reagan repealed the 30 per cent withholding tax on interest paid to foreignere bolding U.S. Securitiea on July 18 this year, a shiver ran through the Eurobond merket. The move was clearly designed to make it much easier for foreigners to buy U.S. bonds. Was this the death knell for the Eurobood market, It was asked.

After the initial excitement had died, it became epparent that tbe repeai of the withholding tax was only one of several obstacles — and certainly not the most importani — which bad to be removed if the Treasury was to stimulate a bealthy foreign appetite for its paper.

Last week, Donald Regan, U.S. Treasury Secretary, unveiled the Treasury's plans for tapping the foreign markets for funds, in a brief three-page statement.

A few days later, the Internal Revenue Service (IRS) released its temporary regulations implementing the U.S. Treasury's decisions, and international investors and their advisers *found to* their *borror* that *the* IRS regulations came to over 100 pages with more to come.

The regulations have been described as confusing and *ambiguous, and some investment* bankers in New York, who have spent years working for the repeal of the U.S. witholding tax, even suggest thst some rules are unworkable.

The Treasury's big new weapon for tapping the overseas dollar markets is a registered obligation targeted at foreign markets. Ideally, this would have been in bearer form which the Treasury is permitted to merket. However, sensidve to the political opposition that sucb sn instrument would face, the Treasury bas empbasised that it bas no plens for sucb issues and the new securities will be sold as part of the Treasury's regular scheduled auctions, with the first coming es early as next month.

To make the new securities more attrective to tradifional Eurobond investors, the U.S. Treasury plans to fit them witb with an annual interest payment, unlike normel U.S. securities, which carry six-monthly interest payments.

The probiem of proving that the beneficial owners of the specielly targeted issues are not U.S. citizens or residents is particularly difficult. An investor bas a choice of hoiding *the new security directly,* or through a financial institution. In the first case, the investor's name will be known to the U.S. Treasury but in the second case it *wili not, and all* that is required is that the institution bolding the security certifies that the beneficial owner ls not a U.S. citizen.

The U.S. *Treasury argues* that the certification is a relatively simple affair. For example, if Credit Suisse buys part of a targeted U.S. Treasury issue and tben *sells some* of the *paper,* which It continues to boid in a nominee account, to an investor at Deutscbe Bank Frankfurt, Credit Suisse is obliged to *certify* to the U.S. *Treasury* that the buyer is a non-American.

"They maybe telepbone Deutsche Bank or get a piece of paper *from them,*" *said* one U.S. Treasury official, who edmits that the Treasury has not set any firm guidelines on what information it requires, partly because it cannot force a foreign institution to show what it is doing.

Many describe the regulations *as confusing*

However, the same officiai werns that if a foreign institution is found to be not playing the game and failing to insist on adequaie certification, then the Treasury bas the authority to impose a withholding tex on all interest payments due.

The certification issue is just one of several problems whicb have been thrown up by the IRS's new ground rules and strengthens the belief that unless further substantial modifications are made, the Treasury's efforts to raise a significant amount of new money overseas will flop.

The early impressions are that the new rules ere more onerous than earlier IRS rules on bearer bood issues by U.S. corporations.

Nothwithstanding the fact that one of the Treasury's prime objectives witb its new debt financing techniques was to encourage a more international role for the world's capital markets. The new rules appear to increase the segmentation in the financial markets. On the one hand, the Treasury is allowing the Issue of bearer bonds by U.S. coporations, but is also insisting that if the bearer bond is subsequently bought by a U.S. citizen, it bas to be converted back into registered form. This undermines the liquidity of the secondary market for sucb bonds. In addition, there is a daoger that U.S.-owned institution will be subjected to tougher scrutiny by the IRS than foreign firms.

If foreign investors are aware that the *IRS* can make a cbeck call on a U.S. broker's London office, they will be tempted to push their business through offices of brokers less susceptible to the IRS's scrutiny.

The U.S. Treasury appears to be somewhat shocked by tbe early criticism of its efforts to make its funding base more international, but it admits *its* initiative is very mucb an experiment. What remains unclear is wbether the Treasury has the will to risk the wrath of Congress by *substantially* modifying its plans to raise money overseas If the present initiative falls, as seems likely.

Letters to the Editor

Common Market in cars

From the Director, Society of Motor Manufacturers and Traders

Sir,—Your leader "Common Market in cars" (August 21) causes me great concern because ir presents only one side of a complex argument.

You quote the figures produced by the European Bureau of Consumer Unions (BEUC) in support of your argument. These *figures must be treated with* caution since the nine cars chosen are all low volume, higb specification models only one of which is manufectured in *Britain, and which* together accounted for less than 2 per cent of the UK car market in the first half of this year.

I agree wholeheartedly that it *might be* better *to attack* the impediments that prevent market forces bringing prices into line, but it is not true that those impediments are the exclusive dealerships. *Rather* the impediments are those identified by the European Parliament, the Commission's Economic and Social Committee and even the *Commission's* Competition Directorate, i.e. differing tax regimes, differing inflation rates, exchange rates and price controls.

The so-called 12 per cent clause will not bring retail prices into line throughout the Community as long as tax paid on the purchase of a vehicle can vary from 14 per cent (West Germany) to 215 per cent (Denmark).

In the last sentence of your leader you acknowledge the present trend towards lower car prices in the UK. You give no credit to the improved competitiveness of the British-based industry. The painful restructing of the industry and its undoubted achievements may well prove to heve been to no avail if precipitate, ill-considered action is taken.

Anthony Fraser,
Forbes House,
Holkin Street, S.W.1.

Settling disputes peacefully

From the Director-General, Institute of Directors

Sir,—I was very interested to read Eric Hammond's letter (August 20) prompted by the recent IoD paper "Settling dispntes peacefully," on the role of final offer arbitration in binding procedure agreements.

The objective is to stimulate debate on ways to improve industrial relations in Britain. Our suggestions are not presented as a pancea, but we do believe that we bave identified the direction in which we should move. An increasing number of people, including many of the trade union movement, like Mr Hammond seem to share that belief.

We fully understand that *binding pendulum, or final* offer, arbitration forms part of e total package in the agreements entered into by the Electrical Electronic Telecommunication and *Plumbing Union.* We concentrated on the arbitration issue because we believe, in the light of evidence from the United States, that this method of *settling disputes could* have application in the essential services in Britain. I would certainly agree with Mr Hammond that final offer arbitration in the private sector could not be divorced from other elements of an agreement.

We all have an interest in exploring ways in which disruptive action, with its threat to profitability and jobs, can be avoided. Employers will no doubt be looking closely at the EETPU agreements to see how they work out in practice.

Our first aim, therefore, is to stimulate open discussion of the issues, not least with those trade union leaders who recognise that the prosperity and welfare of their members depends on finding less damaging ways of settling disputes.

(Sir) John Hoskyns,
116 Pall Mall, SW1.

Appointed by shareholders

From the Managing Director, Webb-Bowen International.

Sir, — Jonathan Charkham (August 9) quite rightly argues that non-executive (or independent as he calls them) directors should be regarded as an essential presence on any board. Unfortunately, all too often in Britain at the moment they are regarded as something unusual, even as a sign of "progressive" thinking on the part of those companies who *have* them.

Yet it is perhaps one of the weaknesses of British boardroom practice that the decision to appoint non-executive directors is almost always that *of* the chief executive and his board of full time executive directors. In Germany and France, and even in the United States non-executive *directors* are appointed by the shareholders. In large public corporations ethese "shareholders" will often be the institutions. *Unfortunstely finácial* institutions are somewhat reluctant to interfere in the day to day running of companies by wishing to appoint non-executives. Banks in *particular tend to* hang back until disaster threatens, when it is too late.

Among the drawbacks of proposed EEC company legislation such as Vredeling and the fifth directive are the fact that they put the cart before the horse. If British boards of directors have their weaknesses, it is not because of the absence of "representatives of the work force" or even because of insufficient consultation but the absence from too many board rooms of people appointed by shareholders to take a dispassionate look at the present running and future developments of the corporation.

M. I. Webb-Bowen.
27a, James Street, WC2.

This little piggy . . .

From Master M. Spinks

Sir,—I cannot save £1 coins in my piggy bank like Dr Gerhard from the Royal Mint says (August 15) because my piggy bank is a Midland Bank elephant and the opening for the money is not big enougb!

Michael Spinks,
Tantons,
196, Leesons Hill,
Chislehurst, Kent.

Bootle as a no-go area for Health and Safety inspectorate

From the Assistant General Secretary, Institution of Professional Civil Servants

Sir,—David Evans' sanguine speculations (August 10) about increased productivity in the Health and Safety Executive ("How a little camaraderie helps boost productivity") will not bear the weight of close inquiry. Successive Government *spending cuts have* left HSE's Inspectorates more than 25 per cent below their targeted strength. HSE has either abandoned large areas of Asbestos Licensing, where public opinion will not permit a relreat; ii has cut the public'e protecilve suit according to the cloth it bas been provided with. Perhaps a quarter of the country's farms will never receive a safety visit from an HSE Inspector, and the Nuclear *Installations* Inspectorate is able to resource the Sizewell inquiry only by abandoning other areas of nuclear work. Morale is at an historically low ebb. The Director of HSE's corporate services is a lonely figure in discovering increased morale and productivity. Dispersal has in fact been the *expensive occasion* for a *disastrous* decline in productivity.

The HSE admits that dispersal was thrust unwanted upon it. Its quoted cost of £21m is et 1980 prices, and Government Ministers have to this day refused to provide a contemporary estimate of dispersal costs, *and have de*clined to provide any information as to the extent to whicb the original estimates reflect recurrent as well as immediate costs. Apart from continuing *compensatory* payments to uprooted staff, HSE ts fsced with the necessity of maintaining a large presence in London as well as Bootle. Increased communication costs thereby incurred include (recurrent) time and expense of thousands of first class rail journeys, overnight eccommodation, as well as the capital cost of telephonic and talegraphic equipment. It would be interesting for Mr Evans to provide a *hreak-down* of savings set against increased costs, and for him to say over what period the "savings are expected eventually to wipe out the costs of *dispersal.*"

This institution bas published a case outlining the dangers of allowing the dispersal to Bootle of the netion's nucleer watchdogs. It has submitted similar evidence to the Sizewell inquiry which has not been contested. The Select Committee on *Energy* and the Advisory Committee for the Safety of Nuclear Installations have separately recommended that unless e convincing case can be put forward *It should be* halted. A former Director-General of the Health and Safety Executive has admitted that this dispersal was not one which the Executive would have willingly chosen. Chief nuclear inspectors have expressed their misgivings. In a recently conducted poll over 95 per cent of NII staff expressed a total refusal to move. The National Audit Office is currently undertaking its own investigation into the move, and *Mr John Gummer,* the *Minister* of State responsible recently, announced that the dangers of allowing the large numbers of *NII staff* concerned with Sizewell B to disperse were sc grest that he had temporaril; shelved the plans for their move. No case for ultimatel; packing the NII off to Bootl. bas ever been made out, any where, by anybody, at any time.

D. A. Cooper.
75-79, York Road, SE1.

FINANCIAL TIMES

Friday August 24 1984

BALANCING DESIRE TO WITHDRAW WITH NEED FOR SECURITY

Israel's dilemma in Lebanon

BY DAVID LENNON RECENTLY IN SOUTHERN LEBANON

ISRAEL is in a Catch-22 situation in Southern Lebanon, a senior Israeli officer admitted this week. It wants to withdraw but only after security arrangements have been made to ensure that Palestinian guerrillas will not again use it as a base for attacks on Northern Israel.

If, as appears certain, it cannot arrange this with the central Government in Beirut, then Israel needs the co-operation of the predominantly Moslem community of the South to enable it to minimise its troop presence there. But the continuing occupation and repression is alienating that community.

Before Beirut's abrogation in February this year of the stillborn Israel-Lebanon treaty signed in May 1983, Israel tried to avoid punitive measures which were likely to damage the region's economy and push larger sections of the Moslem population into open resistance.

Since the treaty was cancelled and last month's closure of the quasi-diplomatic Israeli liaison office near Beirut, the 750,000 mainly Shia Moslems in the South are being subjected to collective travel restrictions making them virtual prisoners in their own land.

Because of the hostility among sections of the Moslem community to the Israeli presence, it is that community which suffers most from the roadblocks, curfews, spot checks, midnight searches and random arrests which are part of Israel's method of trying to defeat the armed resistance.

Such repressive measures are increasing the hostility of the community whose co-operation Israel needs if it is to get out of Lebanon. This is the Catch-22 to which the officer referred.

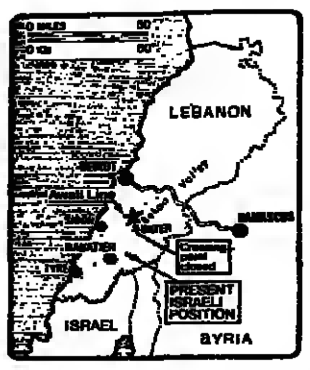
Israel, in the hope that it may eventually provide a way out of this self-made trap, is trying to build a local militia into an effective force able to take over most of the ground operations from the occupation army.

This militia is rather grandiosely referred to as the South Lebanon Army (SLA). It is based on the Israeli-backed South Lebanese Christian militia, which was commanded by rebel Lebanese Major Saad Haddad until his death in January this year.

Today the SLA is commanded by Antoine Lahad, a retired Lebanese major-general. Its force has been expanded to 2,200 men, with an ultimate goal of 4,000. Trained and equipped by Israel, which also pays the salaries, the SLA has six battalions, including an armoured one with 45 tanks and an artillery one with four batteries.

The SLA draws 65 per cent of its men from the 200,000 strong Christian community and 35 per cent from the more than three-times larger Moslem Shia, Sunni and Druze population. The aim is to make it half Christian and half Moslem but such a mix has proved very unstable within the official Lebanese Army, which splits asunder whenever asked to intervene in communal fighting.

It is only because of substantial



Israeli military support that Major Haddad's militia has been able to control the narrow strip of Lebanese territory which Israel gave it in 1978. The SLA is unlikely ever to be able to cope alone with the much bigger territory and population.

The SLA is regarded as something of a joke by the Southern Lebanese and an unstable ally by many Israelis. There is considerable doubt that it could survive intact if Israel withdrew from the area.

Israel, however, has been transferring increasing areas of Southern Lebanon to the SLA. It is hoped that eventually the bulk of the Israeli forces will be withdrawn to some key strategic locations.

The area then will be controlled by the SLA, backed up by Israeli air and sea reconnaissance, search and destroy missions by Israeli ground troops when necessary, and the permanent presence of Israeli early warnings and intelligence gathering stations inside Lebanon.

The senior officer said that the aim is to create an Israeli security zone in Southern Lebanon similar to that established in Eastern Lebanon by the Syrians. This would amount to permanent indirect Israeli rule in Southern Lebanon.

With or without the SLA, Israel's occupation of the southern third of Lebanon has often been described as similar to its occupation of the West Bank, which was captured from Jordan in the 1967 war and has been administered by an Israeli military government ever since.

Because the use of the term "military government" connotes ties of a very binding nature, Israel has chosen to call its South Lebanon military administration a "liaison" or "assistance" unit.

A senior officer with the liaison unit for Southern Lebanon explained that "it is not a military government in the full meaning of the word and it doesn't function like the West Bank military government."

As examples of the difference, he notes that the public health service is still activated and funded by the central Government in Beirut. Israel is not involved in supplying electricity or water.

The similarities lie, he says, in the Israeli control of commercial and personal traffic, by road and through the ports of Sidon and Tyre. The unit also has a budget for infrastructure. The budget is mainly for roads and water supply in the strip of territory beside the border

Peres in crucial talks on unity bid

By Our Tel Aviv Correspondent

MR SHIMON PERES, Israel's prime minister-designate, is this morning to meet Mr Yitzhak Shamir, the outgoing Prime Minister, to persuade him to bring his Likud bloc into a national unity government headed by the Labour Party.

Mr Peres, whose hand has been strengthened by his party's alliance with Mr Ezer Weizman, a former Defence Minister and leader of the Yahad Party, will try to form a narrow coalition if Mr Shamir does not agree to his offer.

Negotiations between the Labour Party and the Likud bloc on the creation of a national unity government have lasted for three weeks without producing agreement on a common policy.

Labour won 44 seats in last month's general election, three more than the Likud. Four smaller parties with a total of 10 seats have agreed to join a Labour coalition. Labour still needs the support of three more parties to command a majority in the 120-seat Knesset (parliament) without Likud.

The National Religious Party, whose four Knesset seats are vital if Labour is to form a narrow coalition, was insisting yesterday that it was interested only in a national unity government that included Likud.

Similar sentiments were voiced by the one-seat Tami Party. But such protestations are likely to be merely negotiating tactics designed to win more concessions from Labour in return for their support.

Editorial comment, Page 10

THE LEX COLUMN

Cadbury's block on Wall Street

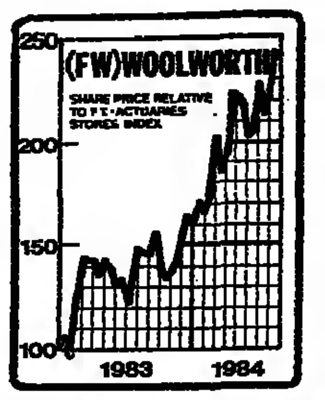
The new numbers on Cadbury Schweppes' SEC registration papers ought to do the group no harm at all as it limbers up for a second run at the Wall Street share flotation which it postponed in May. Interim pre-tax profits of £39.7m, up from £33.5m, signal another half year of steady if unspectacular progress, albeit flattered a little by the absence of one or two problems which cost the group dearly in 1983. But assuming a successful launch for the new issue in prospect, most existing shareholders will presumably have their fingers crossed that growing U.S. interest in the stock might produce a gentle levitation over time.

At 130p, unchanged on the day, Cadbury's shares are set to offer a prospective p/e multiple some way short of those enjoyed by the group's leading U.S. rivals. Wall Street might even view Cadbury's geographical spread as a mildly enticing dollar hedge in the sector. At least three factors, though, could well be seen as justifying Cadbury's lower rating against the U.S. competition – and all three will be around for some time yet, however shrewd Cadbury's growth strategy.

First is the sheer vulnerability of Cadbury in the U.S. Its market share there has grown again but is still only about 6 per cent in confectionery. Schweppes' £2½m trading profits represent roughly half the U.S. total. Second is the less than dynamic image presented by the continuing struggle to assert Schweppes' brand image in continental Europe and the low return on some of the group's key assets within the UK. An unhappy six months at Typhoo Tea, in particular, has helped leave the tea and food division's profits 5 per cent lower. Third, is the stretched balance sheet, which must bear another sizable cash outflow this year before taking account of the proposed issue proceeds. But these at least could cut the debt burden usefully and the implied interest savings would surely bring pre-tax profits of £125m within range for the current year.

Woolworth

The chief interest in Woolworth's new commercial strategy lies not so much in the details, as in the fact that it has been announced at all. The strategy is couched in terms of deep obscurity: "Six cornerstones feature in every store ... each cornerstone has its own mission." But there is, after all, no simple formula for Woolworth's long-standing problem of having too many products,



too many stores and too little logic in its marketing.

The aim of the new management has been to start with the lesser task of introducing Woolworth to the world of normal commercial practice, and move to the big issues later. Woolworth's legendary overstocking problem, in particular, has been attacked with almost excessive zeal and the group now sees its basic housekeeping task as completed.

The new strategy, though, still covers a product range so vast as to suggest that Woolworth risks falling between the two stools of specialist chain and individual department store.

Narrowing the range must ultimately be an empirical process – one best achieved by developing management systems which can quickly determine, Marks & Spencer-style, which products are actually moving off the shelves. But it is encouraging to see the group maintaining momentum; for to stand still would be to slip back into the morass from which the present management is emerging.

Blue Circle

There cannot be too many prizes on offer for the accuracy with which the market managed to ring Blue Circle's £47.6m pre-tax profit for the six months to June, for the make-up of this total was not much like any of the forecasts. Admittedly, the market had discounted a tough period for cement in the UK – exacerbated by the miner's strike and nearly £5m of redundancy costs – but, given the improved showing from Armitage Shanks, cement's contribution to UK profits probably fell by a quarter. It must be depressing indeed to be ploughing so much capital – £300m over six years – into the company's largest market for so little apparent result. But gratifying success in the U.S., and recovery in Chile, have helped to rebuild the profits total.

Investment in higher operating efficiency remains an uphill struggle; if Blue Circle eliminates some £17m of labour costs this year, that does no more than compensate for a year's cost inflation at about 5 per cent). Volume is so crucial to profitability, morover, that the long-awaited UK price increase is beginning to look like being deferred for some while longer, to defend the home market against invaders. At 390p, down 8p yesterday, the share price expresses a degree of doubt over the chances of a profit-bounce in 1985.

Exco

Exco is not the greatest of enthusiasts for the London stock market, and the market's reaction to its half-year figures – 5 per cent off the share price versus a 37 per cent rise in earnings – indicates that the feeling just now is mutual.

After two rights issues in the past year this is not too surprising, and it says a lot about the City of London's view of Exco that five-sixths of the group's market capitalisation is represented by the value of its 52 per cent holding in Telerate – some £300m.

Given the encouraging way that Exco's other activities are apparently developing, that treatment seems a trifle churlish, rights issues notwithstanding. Money broking has regained its momentum in the more turbulent currency markets of the past few months, and Exco has taken full advantage of this trend by investing some of the rights money in a larger share of its existing New York operation. Telerate is doing all that Exco could reasonably ask of it; but its mushroom-growth does present an impossibly stiff challenge to the rest of the group.

Novo Industri

The world's stock markets are not likely to be amused by a drop in profits from Novo, even if the gloss had worn off this bio-technology wunderkind some time before last night's announcement that net income in the first half had slipped DKr 9m below 1983's DKr 329m. Some of the damage is un-worrying in nature, such as the weight of start-up costs in Canada and a nonchalant acceleration in capital spending. But it is ominous that one of Novo's major U.S. customers for starch enzymes has begun to manufacture its own instead of buying Novo's.

Reagan set to 'fire up' faithful

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan planned to re-launch his "conservative revolution" in Dallas last night, staking his claim to four more years in the White House.

Mr Reagan spent yesterday attending prayer and campaign meetings and putting the finishing touches to the speech in which he was formally to accept his party's overwhelming mandate to run for a second four-year term as President.

His acceptance speech was to be the emotional climax of a four-day Republican national convention in Dallas, in which delegates from all over the country have shown supreme self-confidence that Mr Reagan and his vice-presidential running mate, Mr George Bush, will be resoundingly re-elected on November 6.

His speech was intended to set the tone for a campaign that will be run on an unabashedly conservative platform and to "fire up" the party faithful for the hard, grassroots work required of them in the two months ahead.

Mr Reagan's formal renomination came on Wednesday night when the 47 votes of the Missouri delegation put him "over the top" in a lengthy roll-call vote of the states. The virtually unanimous outcome had never been in doubt.

White House officials said his acceptance speech was intended to blend patriotism with an aggressive, though not "strident," attack on the Democratic leadership of his challenger, Mr Walter Mondale.

Mr Reagan was expected to re-emphasise a theme repeatedly sounded in Dallas this week – that the Republicans are "the party of the future" – without necessarily spelling out full details of his political and economic plans

Mr Reagan was renominated with the votes of 2,233 of the 2,235 delegates, with one abstention each from Illinois and Pennsylvania. Mr Bush won the votes of 2,231 delegates.

An Alabama delegate voted to nominate Mrs Jeane Kirkpatrick, the U.S. Ambassador to the United Nations, for vice-president.

Republicans roll on 'their perfect couple', Page 3

UK's underlying trade deficit blamed on dock strike effects

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN'S trade balance probably moved into an underlying deficit in July, the Department of Trade and Industry said yesterday.

Latest figures show a recorded surplus on the balance of payments current account for the month of £112m ($147m) compared with a £153m surplus in June. But if allowance is made for the effects of the national dock strike which ended on July 21, the department estimates the current account would have moved into a small deficit.

It said it was difficult to be precise about the effects of the dock strike. However, it believed that exports were reduced by about £250m and imports by about £400m as a result of the stoppage.

Trade in oil was largely unaffected by the dispute, but the surplus earned on oil trade has been cut substantially by the increased consumption of oil by power stations as a result of the miners' strike.

Britain's oil surplus in the three months to July was an average of £120m a month, less than the average for the first three months of the year. This suggests that if the present miners' strike were to continue to the end of the year the adverse

UK BALANCE OF PAYMENTS CURRENT ACCOUNT (£m)

	Current balance	Visible balance Oil	Visible balance Non-oil	Invisible balance
1982	5,774	4,556	–2,172	3,390
1983	2,924	7,001	–7,501	3,424
1983 Q2	– 89	1,556	–2,016	371
Q3	828	1,521	–1,769	1,076
Q4	596	2,123	–2,116	591
1984 Q1	839	2,316	–2,374	897
Q2	–442	1,548	–2,740	750
Jan.	– 24	719	–1,042	299
Feb	791	821	– 329	299
Mar	72	776	–1,003	299
Apr	–567	380	–1,197	250
May	– 29	512	– 791	250
Jun	153	656	– 753	250
Jul	112	784	– 922	250

Recent invisibles figures are estimates, subject to revision

effect on Britain's current account would be about £1bn.

The department points out that the underlying level of imports of oil has been slackening in recent months

Meanwhile, Britain's non-oil import continue to rise at a faster underlying rate than exports. The deficit on trade in goods other than oil was recorded as £922m in July. After allowing for the effect of the dock strike it is likely that this would have been close to another record at more than £1bn.

Allowances for the effects of the dock strike suggest that the underlying value of non-oil imports rose by about 2 per cent. in the three months to July compared with the level in February to April. At the same time, the value of non-oil exports rose by an underlying 1 per cent.

European Community jobless up to 10.9%

LUXEMBOURG – About 200,000 people in the European Community became jobless in July, boosting the unemployment rate to 10.9 per cent of the workforce from 10.7 per cent in June, the Community Statistics Office said yesterday.

The number of unemployed in member states apart from Greece was 12.3m in July, up from 12.1m in June. Figures for Greece are not included because Greece does not register all its jobless at public unemployment offices.

The underlying trend of unemployment in the EEC appeared to be stable when adjusted for season-

EEC UNEMPLOYED
Percentage of workforce

	July	June
Ireland	16.7	16.6
Netherlands	14.6	14.6
Belgium	14.6	13.4
Italy	12.8	12.9
Britain	11.7	11.5
Denmark	8.8	9.2
France	9.6	9.4
West Germany	8.2	7.8
Luxembourg	1.6	1.4
(Greece)	1.3	1.4

Source: EEC Statistics Office

al factors, despite slight seasonally adjusted rises in France, West Germany and Britain the statistics office said.

It said changes in the number registering as unemployed in July varied greatly from country to country.

The number of jobless in Belgium and Luxembourg grew by 11 per cent as more young people registered for benefits at the end of the academic year. However, jobless numbers fell by 3.6 per cent in Denmark and 0.7 per cent in Italy.

Reuter

Norway on verge of gas deal

BY DOMINIC LAWSON IN LONDON

THE BRITISH Gas Corporation and Statoil of Norway are on the verge of agreeing a revised version of the £20bn ($26.2bn) deal to buy gas from Norway's Sleipner gas field. The deal, however, could be held up by arguments between the UK and Norwegian governments, in which the British have been using the prospect of an improved offer of Dutch gas as a lever.

Statoil appears to have conceded the two major changes proposed by British Gas at the request of the UK Government. Peak Sleipner output will come down from about 38m cubic metres a day to about 30m; and the price of the gas – at about $4.15 per million British thermal units – should be unchanged, even though the slower exploitation of the field will make it less profitable.

Final conclusion of a revised deal looks likely to be delayed until the second half of next month because of continuing disagreement between the UK and Norway over points to be contained in a sovereign treaty between the two countries.

In particular, Norway is unwilling to accede to the UK request that natural gas liquids associated with the Sleipner gas should be transferred by UK pipeline to Flotta in Orkney, rather than by Norwegian pipeline to Teesside.

At issue is not only the £200m in extra tax revenues to the UK Treasury but a considerable amount of Norwegian national pride. When the original Sleipner deal was negotiated the Norwegians envisaged that the natural gas liquids would travel by Norwegian pipeline.

Although Norwegian officials are adamant on this point, the British negotiators have pointed out that, if they do not get their way, they could sign a very competitive alternative deal to buy gas from Gasunie, the Dutch utility.

In February British Gas, at the request of the UK Energy Department, investigated the possibility of a deal with the Dutch. The volumes offered, however, were about three times smaller than Sleipner and the price about 20 per cent higher per unit.

The British now believe, however, that the Dutch would be prepared to increase volumes to about half the revised Sleipner level and, crucially, at a landed price very close to that offered by Norway. To this end, Gasunie has been engaged in detailed negotiations with the UK over the cost and funding of a gas pipeline from the Netherlands to Britain.

The smaller volumes offered by the Dutch do not necessarily constitute a disadvantage to the British Government.

British dockers walk out over coal shipment

Continued from Page 1

($180) a week, and pay backdated to the November 1 settlement date.

The NCB said it believed a number of Nottinghamshire branches had expressed interest in the offer.

Pressure mounted on the NCB last night to agree to new talks, when a group of largely left-wing union leaders signed a statement deploring Mr MacGregor's comments during his televised debate on Wednesday with Mr Arthur Scargill, the NUM president.

However, the NCB said last night that renewed talks depended on some sign from the NUM leadership that it was willing to reconsider its hitherto blanket refusal to consider closures on economic grounds.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	–	—	—	Dubrovnik	S	25	77	Malaga	F	27	81	Salzburg	C	27	81
Akrotiri	S	27	81	Faro	S	25	77	Malta	S	26	84	Seoul	C	27	81
Algiers	–	—	—	Florence	S	29	84	Manila	R	23	73	Singapore	F	27	81
Amsterdam	S	27	81	Frankfurt	S	25	82	Miami	C	22	73	Stockholm	C	26	68
Athens	S	27	81	Funchal	C	24	75	Milan	S	25	77	Strasbourg	S	28	82
Bahrain	S	34	93	Geneva	F	23	73	Moscow	C	24	75	Sydney	S	21	70
Bangkok	F	27	81	Gibraltar	F	26	79	Munich	S	24	75	Taipei	F	25	77
Barcelona	–	—	—	Guernsey	C	17	63	Nairobi	F	22	72	Tangier	C	22	72
Beirut	F	28	82	Helsinki	C	20	68	Naples	S	28	82	Tehran	–	—	—
Belgrade	S	26	79	H. Kong	S	30	86	New Delhi	R	26	79	Tel Aviv	C	20	68
Berlin	S	26	79	Innsbruck	S	27	81	New York	C	17	63	Tenerife	F	26	79
Biarritz	F	22	72	Inverness	F	18	64	Nice	S	22	72	Tokyo	S	33	91
Blackpool	S	23	79	Istanbul	F	24	75	Oporto	C	22	72	Toronto	F	15	59
Bordeaux	C	21	70	Jersey	C	17	63	Oslo	S	22	72	Tunis	S	31	88
Brussels	S	29	84	Jo'burg	S	24	79	Paris	C	23	73	Valencia	F	28	82
Budapest	S	29	78	Las Palmas	C	25	72	Prague	S	24	75	Venice	S	25	77
B. Aires	F	6	43	Lima	C	15	59	Reykjavik	S	9	48	Vienna	S	26	79
Cairo	F	20	68	Lisbon	F	22	72	Rio de J'o	C	16	61	Warsaw	F	25	77
Cape Town	S	18	64	Locarno	C	21	70	Rome	F	14	57	Zurich	S	26	79
Caracas	R	28	58	London	F	24	75								
Casablanca	F	25	77	Los Angeles	C	20	68								
Copenhagen	S	24	75	Luxembourg	S	27	81								
Corfu	S	27	81	Madrid	C	22	72								
Dublin	C	21	70	Majorca	S	28	82								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Madrid may negotiate with Basque group

Continued from Page 1

Reaction in Herri Batasuna, the party closely associated with Eta-Militar, was hostile, with one senior member describing the proposal as "intoxication."

Both the party and Eta-militar pursue political claims including an amnesty, the inclusion of the province of Navarre in the autonomous Basque region and a change in the constitution recognising Basque rights to self-determination.

The Basque autonomous government, run by the conservative Basque Nationalist Party (PNV), described the talks offer as "not very realistic."

By excluding political considerations, the offer differs radically from earlier peace talks proposed by the Basque authorities between the PNV, the Socialists and Herri Batasuna. These talks failed to get off the ground last year, partly because of Socialist reticence. The proposal was finally scuttled by a renewed campaign of Eta killings.

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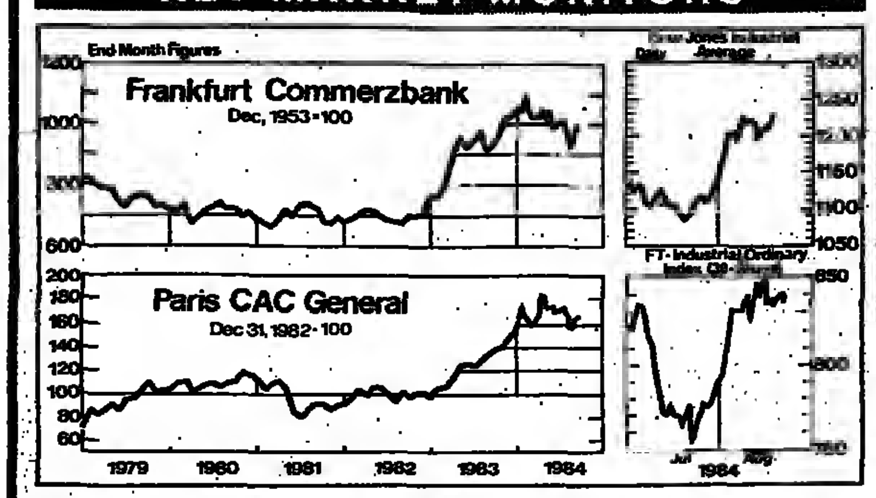
SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday August 24 1984

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Aug. 23	Previous	Year ago
DJ Industrials	1,232.44	1,231.78	1,192.89
DJ Transport	522.87	524.27	530.83
DJ Utilities	129.82	130.80	131.17
S&P Composite	167.12	167.06	162.77
LONDON			
FT Ind Ord	835.2	841.8	717.4
FT-SE 100	1,081.1	1,090.2	989.1
FT-A All-share	510.12	513.91	456.14
FT-A 500	553.06	557.49	493.23
FT Gold mines	578.4	570.2	672.8
FT-A Long gilt	10.54	10.51	10.77
TOKYO			
Nikkei-Dow	10,545.55	10,538.32	9,169.18
Tokyo SE	815.03	815.39	680.39
AUSTRALIA			
All Ord.	747.8	751.8	694.4
Metals & Mins.	476.0	483.7	596.8
AUSTRIA			
Credit Aktien	53.29	53.25	55.32
BELGIUM			
Belgian SE	155.5	154.73	134.16
CANADA	**Aug 23**	**Prev.**	**Yr ago**
Toronto			
Metals & Minls	2,022.5*	2,020.5	—
Composite	2,362.3*	2,358.8	2,450.7
Montreal			
Portfolio	116.91	116.3	118.81
DENMARK			
Copenhagen SE	192.65	192.1	181.43
FRANCE			
CAC Gen	166.7	165.7	137.3
Ind. Tendance	107.7	107.6	86.4
WEST GERMANY			
FAZ-Aktien	337.97	341.39	315.92
Commerzbank	982.6	993.8	937.2
HONG KONG			
Hang Seng	891.12	907.99	993.14
ITALY			
Banca Comm.	220.4	219.79	206.21
NETHERLANDS			
ANP-CBS Gen	165.0	164.8	141.8
ANP-CBS Ind	132.1	131.5	115.8
NORWAY			
Oslo SE	265.47	264.44	207.02
SINGAPORE			
Straits Times	932.28	940.8	985.1
SOUTH AFRICA			
Golds	1004.8	983.8	955.5
Industrials	900.8	898.5	929.1
SPAIN			
Madrid SE	139.4	139.69	117.72
SWEDEN			
J & P	1,525.58	1,534.68	1,475.16
SWITZERLAND			
Swiss Bank Ind	381.5	382.4	338.0
WORLD	**Aug 22**	**Prev**	**Year ago**
Capital Int'l	184.7	184.9	179.3

GOLD (per ounce)

	August 23	Prev
London	$352.25	$345.00
Frankfurt	$351.25	$345.00
Zürich	$351.75	$344.75
Paris (fixing)	$351.35	$345.62
Luxembourg (fixing)	$351.90	$346.00
New York (Aug.)	$349.80	$354.30

*Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Aug 23	Previous	Aug 23	Previous
$	—	—	1.313	1.31
DM	2.8645	2.88	3.7525	3.77
Yen	240.65	241.3	318.0	316.0
FFr	8.7940	8.84	11.555	11.6075
SwFr	2.3845	2.399	3.1325	3.145
Guilder	3.231	3.2495	4.245	4.265
Lira	1774.0	1780.0	2331.0	2336.5
BFr	57.875	58.195	76.0	76.35
C$	1.29925	1.30025	1.706	1.7005

INTEREST RATES

Euro-currencies (3-month offered rate)	Aug 23	Prev
£	10 15/16	10 13/16
SwFr	5 1/16	4 15/16
DM	5⅝	5⅝
FFr	11½	11 9/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 15/16	12
6-month U.S.$	12 3/16	12¼
U.S. Fed Funds	11 7/16*	11½
U.S. 3-month CDs	11.45*	11.50
U.S. 3-month T-bills	10.43	10.47

U.S BONDS

Treasury		August 23* Price	Yield	Prev Price	Yield
12⅝	1986	99 29/32	12.43	99 29/32	12.43
13⅞	1991	104 23/32	12.70	104 27/32	12.68
12⅜	1994	99 24/32	12.66	99 25/32	12.62
12½	2014	100 15/32	12.42	100 17/32	12.42

Corporate	Aug. 23* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	90	12.86	90	12.85
3⅞ July 1990	71.00	10.60	71.00	10.60
8⅜ May 2000	72	12.95	72	12.95
Xerox				
10⅞ March 1993	88	13.00	88	13.00
Diamond Shamrock				
10⅞ May 1993	87⅞	13.15	87⅞	13.15
Federated Dept Stores				
10⅞ May 2013	90.342	13.30	90.342	13.30
Abbot Lab				
11.80 Feb 2013	89.00	13.30	89.00	13.30
Alcoa				
12¼ Dec 2012	89.00	13.60	89.00	13.80

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	66-01	66-07	65-30	66-06
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.75	89.80	89.75	89.76
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.55	88.58	88.51	88.65
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.41	88.44	88.39	88.43
20-year Notional Gilt £50,000 32nds of 100%				
Sept	105-28	105-29	105-08	106-20

COMMODITIES

(London)	August 23	Prev
Silver (spot fixing)	584.4p	571.65p
Copper (cash)	£1,035.00	£1,016.50
Coffee (Sept)	£2,387.50	£2,379.00
Oil (spot Arabian light)	$27.75	$27.70

WALL STREET

A steadier tone again established

A MOOD of consolidation emerged on Wall Street yesterday with the stock market steadying after the previous day's late decline and the credit markets keeping their early losses to a minimum, *writes Michael Morgan in New York.*

At the close, the Dow Jones industrial average was up 0.66 at 1,232.44 on volume of 83m shares, down from the previous day's 117m.

The market had opened marginally easier, but the decline was overcome by lunchtime. During the early part of the afternoon, the Dow was almost 6 points ahead, but the measure sank back as the afternoon progressed.

Across the broader range, a similar picture was seen with the American Stock Exchange index, easier at first, picking up to close 1.33 firmer at 212.20.

In the credit market, an easing in the Federal Funds rate to 11½ per cent failed at first to inspire investors. However, the Bellwether long bond, the 12½ per cent of 2014, after opening easier, later traded three basis points higher at 100 15/32 as the funds returned to their overnight level of 11 7/16. Other coupon issues were narrowly mixed where changed.

The late decline in the credit markets the previous day had largely stemmed from investor caution ahead of the result of the Treasury's auction of two-year notes. In the event, the notes were sold at an average yield of 12.43 per cent, lower than at the previous auction and better than some analysts had expected.

Money supply figures for the latest reporting week, due late in the day, were widely expected to show little if any growth in the basic measure of M1, and the prospects for the figures provided negligible impact on the market. The Treasury's announcement of the July budget deficit of $16.42bn was also in line with market expectations.

The hesitancy displayed by the stock market was viewed as no more than a *normal corrective phase* to the latest run-up which has been reflected in an advance of almost 140 points by the Dow during the past month.

The institutions were, however, still active with large block trades, each of 100,000 shares or more, seen in Honeywell at $64⅝, Southern California Edison at $21⅜ and Sears Roebuck at $35⅝.

Among the most actively traded stocks, NCR added an early $¼ to $27, but Columbia Gas shed $⅝ to $28⅜ while Westinghouse eased $⅛ to $26⅝ after a block of more than 243,000 shares had been crossed by Salomon Bros at $26⅛.

Of the computer companies, Tandy shed $1 to $27½, while IBM put on $⅛ to $124⅛ and Hewlett-Packard at $40⅜ was $½ higher.

General Electric was active, trading unchanged at $57⅛ while Cigna, the insurance group, moved down a further $1 to $36 in continued response to an analyst's unfavourable comments.

In the motor sector, General Motors was unchanged at $76 while Ford was $⅜ higher at $45⅜ following its latest sales figures. Firestone, the world' second largest tyre maker, added $⅛ to $18⅝ in the wake of its nine-month results.

Stock in City Investing was suspended ahead of the board's announcement of the $1.25bn sale of three units to an investor group led by Kohlberg Kravis Roberts and Merrill Lynch Capital Markets.

Kroger, the second largest food supermarket chain, dipped $⅞ to $35⅛ after a block of 376,200 shares was sold at $35½.

Whittaker Corp. the metals and chemicals group, was suspended ahead of the board's announcement authorising repurchase of up to 3m shares of the company's common stock. It later returned to trade up $⅛ at $18⅜.

In the credit market, three-month Treasury bills at a discount of 10.43 were two basis points firmer while the six-month rate was unchanged at a discount of 10.53 per cent. Money market rates were largely unchanged to slightly higher.

TOKYO

Slim margin for gains amid selling

INCENTIVE-BACKED issues were traded briskly in Tokyo yesterday, although prices moved within a narrow range, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow average closed only 7.23 higher at 10,545.55, on volume up from 294.53m shares to 300.46m. Gains outpaced losses by a slim margin of 353 to 340, with 166 issues unchanged.

Investors and brokerage houses were disappointed that buying interest in internationally popular blue chips had turned out to be short-lived on Wednesday.

Triggered by Wall Street's overnight fall, blue chips came under small-lot selling pressure. Foreign investors showed no signs of active interest in leading blue chips, although their buy orders placed with four leading securities companies increased slightly to 20m shares against sell orders for 18.5m.

Fuji Photo Film shed Y20 to Y1,770, Hitachi Y9 to Y849 and Sony Y80 to Y3,380. But Kyocera gained Y110 to Y6,280 on speculative buying.

Conversely, incentive-backed issues related to biotechnology and semiconductors were a speculator's target, moving erratically throughout the day. Morinaga soared Y91 at one point but retreated under profit-taking pressure to finish up Y61 at Y610. Morinaga was the most active stock with 19.84m shares changing hands.

Nissin Electric, also active, jumped Y35 to Y454, bolstered by the reported development of a new videotape recorder manufacturing system.

Kyodo Printing scored a daily limit gain of Y80 at one point but fell back to close Y67 higher at Y397. Furukawa added Y30 to Y428, and Asahi Glass Y16 to Y771.

Mitsubishi Electric ranked second on the list of 10 most active stocks, with 9.50m shares traded, but lost Y1 to Y406.

On the bond market, investors stayed on the sidelines, despite the yen's firmness against the dollar. The yield on the benchmark 7.5 per cent long-term government bond, maturing in January 1993, edged down from 7.24 per cent to 7.23 per cent.

AUSTRALIA

A ROUND of profit-taking from Wednesday's sharp post-budget rise in Sydney sent prices lower in active trading.

Top mining companies were hardest hit – CRA shed 10 cents to A$5.56 and CSR and MIM 6 cents to A$3.38 and A$3.05 respectively.

Santos jumped 10 cents to A$6.66 after reporting a "significant" oil strike in the Cooper Basin. Vamgas, a 10 per cent partner in the well, gained 25 cents to A$2.30. Other energy issues were buoyed by the news.

EUROPE

Fears affect chemicals in Frankfurt

A SELL-OFF developed among West German chemical shares yesterday as a dispute grew over possible cancer risks associated with the preservative and disinfectant formaldehyde, a ban on which could severely hit its manufacturers and have a wide and costly impact on many industrial sectors.

Amid all this, BASF, the world's biggest producer of the substance, reported more than doubled pre-tax profits for the first half. Its **Frankfurt** close, though, was DM 4.50 lower at DM 151 after touching DM 149.50.

Shares of the country's big three chemicals concerns have shown no positive response to the results season this week despite substantial profit improvements all round. Yesterday Hoechst slipped DM 3.20 to DM 166, and Bayer DM 3.40 to DM 165.20 although neither is a significant maker of formaldehyde.

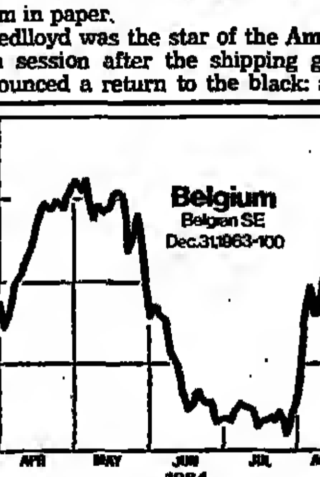
The dullness was also in part attributed to uninspiring dividend prospects for the year.

The Commerzbank index, at its mid-session daily calculation, was 11.2 down at 982.6 – a sharper setback than experienced in any other continental European centre.

Late bargain-hunting by foreign institutions left many issues above the day's lows, but even Veba, the energy group which reported a profits boost and hinted at a higher dividend, lost DM 1.80 to DM 170.20.

A slightly firmer domestic bond market allowed the Bundesbank to sell DM 80.3m in paper.

Nedlloyd was the star of the Amsterdam session after the shipping group announced a return to the black: at Fl 125 it was Fl 11.20 or nearly 10 per cent stronger and helped brighten the previously dull tone.



Bonds were lethargic ahead of terms due on Tuesday for the new 8½ per cent state issue.

End-account adjustments took **Paris** slightly higher, with Cie Générale des Eaux gaining FFr 17 to FFr 537, Club Med FFr 26 to FFr 976 and Matra FFr 43 to FFr 1,550 to put them among the day's best. On the decline was Buoygues, off FFr 19 to FFr 560.

Also of assistance was a call money rate at a 3½-year low of 10 15/16.

Brussels continued its advance as trading livened up further, helped by interest rate optimism. Utilities, the most rate-sensitive, showed prominent gains of BFr 110 for Electrobel to BFr 7,640 and BFr 90 in Tractionel to BFr 4,000.

Profit-taking intervened in the recent **Stockholm** revival. Poor results from Boliden pulled it SKr 9 lower to SKr 383 while Ericsson dipped SKr 6 to SKr 378 ahead of its figures.

Chocolate maker Lindt again featured otherwise cautious **Zurich** dealings, defying a weaker trend to finish SwFr 200 up at SwFr 11,300. Ciba-Geigy, SwFr 30 better at SwFr 2,450, was the only chemical major to improve. Bonds steadied quietly.

Late **Milan** selling eroded earlier gains, although insurers remained strong, Toro adding L101 to L9,299. Olivetti lost L93 to L5,958. Bonds were narrowly mixed.

In **Copenhagen**, Novo at DKr 2,525 showed no movement ahead of its earnings statement. **Oslo** had Norsk Hydro NKr 10.50 higher at NKr 623.50 up NKr 28.50 over two days.

Property issues held out against a lower **Madrid** trend.

LONDON

Dockers fail to cause undue alarm

THE PROSPECT of Britain's second national dock strike within a month unsettled London markets yesterday but failed to worry investors unduly.

Trading was again seasonally quiet with less favourable U.S. market trends also making for a more cautious investment approach.

Gilts recovered from their lowest as sterling hardened against the dollar and longer-dated issues settled ½ point down on the day with more marginal movements for shorts.

Takeover speculation thrived in the absence of genuine investment business. Tate & Lyle, making a contested bid for Brooke Bond, rose 11p to 383p on rumours that Dalgety was about to launch an offer.

The FT Industrial Ordinary index closed 6.4 lower at 835.2.

Chief price changes, Page 22; Details, Page 23; Share information service, Pages 24–25

HONG KONG

NEWS that Green Island Cement planned a one-for-three rights issue aimed at reducing mounting debt helped push prices lower in moderate Hong Kong trading.

Green Island was last quoted at HK$6.65 against Wednesday's HK$6.80 close, while its holding company Cheung Kong fell 25 cents to HK$7.20.

Cheung Kong's associate, Hutchison Whampoa, was 30 cents off at HK$10.20.

SINGAPORE

PERSISTENT profit-taking sent Singapore prices lower on a broad front in lacklustre trading.

Pan Electric, back among the most actives, gained 10 cents to S$2.80, while Haw Par International fell 12 cents to S$2.15 and UOL shed 4 cents to S$2.70 on lower half-year results.

Among financials, OCBC lost 15 cents to S$9.80, DBS 10 cents to S$7.85 and Industrial/Commercial Bank 15 cents to S$6.40.

SOUTH AFRICA

GOLDS ended quietly firmer in Johannesburg as the bullion price steadied.

De Beers fell a further 15 cents to R8.65, bringing its loss since Tuesday's disappointing interim results announcement to 63 cents.

Industrials closed mostly unchanged with a firmer bias.

CANADA

A MIXED tone emerged in Toronto, with golds continuing weak and base metal mining and energy issues firmer.

Montreal was similarly hesitant, with utilities and banks stronger and industrials generally off.

INTERNATIONAL COMPANIES and FINANCE

Paul Taylor in New York looks at the latest Japanese-U.S. venture

NKK puts fire into National Steel

MINORU KANAO, president of Nippon Kokan (NKK), beamed a broad smile when he was asked what rate of return Japan's number two steelmaker is looking for from its $292m investment in a 50 per cent stake in National Steel, the sixth largest U.S. steel group.

"The more the better," he replied in Japanese. The Japanese steel chief was in Pittsburgh, cradle of the U.S. steel industry, to conclude NKK's agreement to purchase the half share in National Intergroup's (NII) much slimmed down and now profitable steel division. The move will instantly rocket NKK into the "big league" of U.S. steelmakers.

The deal is unusual in a number of ways and has major repercussions not only for the U.S. steel industry and National Steel but also for the new joint venture partners.

Under the definitive agreement National Steel will become an independent joint venture on September 1 when NKK hands over a cheque for $273m in cash and $19m in notes for its 50 per cent stake in a company with three midwestern steel plants, coal mining operations in three states and iron ore operations in Minnesota.

Under the deal National Steel will be led by a board of six directors—three from NII and three from NKK, with NII's Mr Howard Love as chairman and Mr Haruki Kamiya, an executive vice president at NKK, as vice chairman. Mr Robert McBride, the National Steel president and chief operating officer who is largely credited with turning the steel division around, will retain those positions in the new independent company.

NII had earlier this year agreed to quit the steel business altogether by selling it to U.S. Steel for $575m. However, it pulled out of the deal citing concern about "unrealistic" U.S. Justice Department rulings on industry restructuring.

The attractions of the latest arrangement are obvious. Its remaining 50 per cent ownership in one of the three lowest cost major domestic steel mills provides a continuing profit potential which some analysts, like Mr Peter Marcus of Pain Webbser, suggest could be as high as $280m a year in a temporary steel shortage.

By teaming up with NKK, NII will also have access to some of the most advanced steelmaking technology in the world. Indeed, it is this aspect of the arrangement that both sides are currently emphasising.

NKK is clearly hoping that its investment in National Steel will provide it with an unassailable entry into the U.S. steel market and in particular, enable it to help improve National Steel's product quality and margins while expanding the group's customer base to include Japanese customers, including Japanese motor manufacturers with plants in the U.S.

But perhaps most crucially NKK sees the move as a defensive measure to protect it from the possibility of new U.S. trade restrictions on steel imports.

Mr Kanao expressed the hope that President Reagan will veto

Mr Minoru Kanao: "The more the better"

the new steel import quotas which many of National Steel's U.S. rivals are pressing for and which have been approved by the International Trade Commission.

Specifically when NII's new board meets for the first time next month or in early October it is expected to agree to acceleraet a five-year capital spending plan already in place which calls for new investment totalling up to $800m. Central to this investment plan, and to what Mr McBride acknowledges as NII's key strategy to double its "seven to 10 per cent" market share of coated steel products supplied to the U.S. motor industry, is a new elecrolytic galvanising line at its Great Lakes steel division near Detroit.

The new partnership has already resulted in NKK replacing an unnamed "West German" company as the key supplier of advanced technology for that plant.

The more immediate impact of the deal for NII is that it will have an additional $300m in the bank with which to step up its already extensive diversification programme, which has led it into metals distribution, aluminium and financial services.

Mr Love said after the signing earlier this week that NII hopes to make an announcement o npossible acquisitions "by the end of this year."

But he added, "Naturally if any trade restrictive schemes are established here in the U.S., NKK will suffer, but National Steel may be in a better position."

The NKK/NII link could represent the shape of the future U.S. steel industry. Aside from National Steel, several other Japanese steelmakers have teamed up with U.S. companies on more limited joint projects.

What the U.S. industry is waiting to see is how Nippon Steel, the world's largest steelmaker and NKK's fiercest rival, responds to the new environment.

Bowater proposes $341m expansion

By David Blackwell in New York

BOWATER INC., which was demerged from its UK parent last month, is to spend $341m on expanding its Catawba, South Carolina, mill. The expansion will produce an additional 197,000 tons a year of lightweight coated publications paper, more than doubling production to 321,000 tons.

Bowater, the largest U.S. producer of newsprint and a major producer of coated paper and market pulp, plans to start up the new installation in the fourth quarter in 1986.

Mr Anthony P. Gammie, president and chief executive, said customers have already entered into contracts to buy substantially all the output of the new machine as it comes into production.

Bowater plans to finance the expansion from internally generated cash and from borrowing. Various debt options were being explored, but sufficient irrevocable lines of credit were already in place for the project to get underway without delay.

The mill expansion will take precedence over certain discretionary projects included in the company's previously announced $450m three-year capital programme, said Mr Gammie.

Substantially increased demand for all its major products boosted second-quarter earnings from $10.2m to $16.6m, taking half-year profits from $15.8m to $24.7m.

William Hall adds: The new lightweight coated paper machine, which will produce glossy or coated paper for magazines, mail order catalogues, etc., is a major diversification move for Bowater which until now has been heavily dependant on the fortunes of the U.S. newsprint market, where it is the biggest producer.

Mr R. D. McDonough, chief financial officer, said yesterday that the company wanted to get a better balance in its earnings and wanted to put its money where it could earn the highest return.

The U.S. lightweight coated paper market is currently experiencing boom conditions and Bowater is the first company in three years to put down new capacity.

Bowater's last major investment in the U.S. was a $100m paper machine at its Calhoun mill in 1979. Until the recent demerger, Bowater had claimed that it was unlikely to make another major investment in the U.S. because of the inefficiences of its corporate structure.

Mexican bank law will favour credit markets

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S new banking law, expected to be published next month, will favour the development of a parallel credit market, based around the financial services companies handed back to the private sector as part of the sell-off of assets nationalised when the private banks which owned them were expropriated in September 1982.

Former bank shareholders have taken up 90 per cent of the stock in the 339 companies where bank equity was being divested. All the financial companies, including brokerages and insurance and leasing companies, have been bought back in exchange for bonds issued to the former bank shareholders as compensation for expropriation. Attention now centres on the demarcation lines that the legislation will draw between the state banking system and the new companies.

The likely scenario is that the nationalised banks will be able to hold up to 15 per cent individually and no more than 49 per cent collectively in the financial services companies.

This keeps formally to the mixed economy concept whereby private interests can hold up to 34 per cent in the nationalised banks. In fact, few private investors have bought into the banks and the formula for the financial companies may also remain a polite and politic fiction.

The Government, most recently through Sr Jesus Silva Herzog, the Finance Minister, has been at pains to stress that no parallel banking system will be allowed under the legislation. The idea of the private sector regaining a foothold in the financial system is political anathema to the nationalist left within the ruling Institutional Revolutionary Party (PRI) and the large PRI-controlled unions. Recent leaks to the Mexican press that the banks will be able to hold stakes in the new companies may be designed to coincide with the ruling party's 12th national congress which began yesterday.

The legislation is also likely to insist on the formation of holding companies where there is common ownership of three or more financial companies. Though most of the former bank shareholders are already setting up holding companies, this would nevertheless suggest that the Government is actively seeking to favour the growth of a solid parallel market.

Woolworth UK to restructure under new retailing strategy

BY DAVID CHURCHILL IN LONDON

WOOLWORTH Holdings, the UK stores group, has announced a major restructuring of its retail operations and unveiled its new commercial strategy aimed at revitalising the chain store group in the next five years.

The moves are seen as the most significant changes made by the company since it was acquired in late 1982 from its U.S. parent by a City of London financial consortium.

Under the restructuring, Woolworth will have four autonomous retail divisions. About 800 Woolworth stores less than 20,000 square feet in size will comprise the main chain, while about 80 larger stores will form a new superstores division.

The B&Q do-it-yourself chain and the recently-acquired Comet electrical goods discount stores will both continue to operate independently.

Mr Geoff Mulcahy, group finance director, will become managing director of the group as well as taking over as chairman and chief executive of the main stores operation.

Mr Richard Harker and Mr Colin Brown will become joint managing directors of the main chain. Mr Rodney Lund will become managing director of the superstores division.

Mr John Beckett, group chairman, said last night that "now that the fundamental 'housekeeping' tasks in F. W. Woolworth have been implemented and a new commercial policy has been defined, the group board believes clear, distinct management lines are desirable."

The new retailing strategy has been devloped in the past year by a special "task force" and is built around six areas of trade do-it-yourself, apparel, leisure and play, general convenience, daily provisions and housewares.

There will be 12 core departments in these six areas, which at present account for about 57 per cent of selling space but which the new management team wants to build up to three quarters of the total sales area by 1986.

While the core departments are intended to act as the main reason why consumers will want to shop at Woolworth.. they will be aided by a further 12 support departments. These will be profitable but small markets in which Woolworth is established, such as haberdashery and hosiery.

Men & Matters, Page 10;
Lex, Page 12

Third-quarter profits and sales advance at Firestone

BY OUR NEW YORK STAFF

FIRESTONE, the world's second biggest tyremaker, boosted net profits from continuing operations to $29m or 65 cents a share in the third quarter, from $27m or 55 cents last time, on sales up from $941m to $1.03bn.

At the nine-month stage, however, net profits from continuing operations fell sharply, from $65m or $1.31 a share to $51m or $1.08. Sales rose from $2.63bn to $2.96bn.

The lotest quarterly figure includes a $11m gain from the sale of a Brazilian rubber plantation, against an $8m gain last time from partial liquidation of Lifo inventories.

Final net for the quarter was $48m or $1.01 a share, after taking in a gain of $17m from discontinued operations and an extraordinary credit of $2m. In the year ago quarter gains of $3m from discontinued operations and an extraordinary credit of $1m made a final net of $31m or 65 cents a share.

For the latest nine months income from discontinned operations of $26m and an extraordinary credit of $8m made a final net of ;85m or $1.80 a share. This compares with a final net last time of $75m or $1.53, arrived at after income from discontinued operations of $7m and an extraordinary credit of $3m.

Lilco warns of possible bankruptcy protection filing

BY OUR FINANCIAL STAFF

LONG ISLAND Lighting Company (Lilco), the troubled New York state utility, yesterday warned that it may have to consider filing for bankruptcy protection unless the New York Public Service Commission approves a new financing agreement before September 1.

Under the new financing, Lilco has signed a commitment letter for an additional $150m credit line, which can be increased to $200m with the consent of the 14 bank lenders. The credit line, which extends through next year, is secured by accounts receivable and natural gas stocks.

However, as a condition of receiving the new money, Lilco is suspending preferred stock dividends payable on or after October 1.

The financing is also conditional on the commission's approval, and Lilco warned that if this was not received by September 1, "the company will have to review alternative courses of action, including the possibility of seeking protection under Federal bankruptcy laws."

The company has been plagued by financial problems due to the heavy costs associated with the controversial and long-delayed $4.1bn Shoreham nuclear power plant.

Revised buyout plan approved by Blue Bell

By Our New York Staff

BLUE BELL, a clothing manufacturer based in Greensboro, North Carolina, which makes Wrangler jeans, has approved a revised leveraged buyout proposal and entered into a definitive merger agreement with a new corporation organised by Kelso, the management buyout specialist.

Under the agreement each outstanding Blue Bell share, other than shares held by the new corporation, will be converted into the right to receive $47.65 in cash. Bine Bell has about 9.9m shares outstanding.

The new corporation will be owned by membera of Blua Bell's management, employees and investors, through Kelso.

The revised proposal reflects an increased price over an earlier agreement in principle to effect the merger at $47.50 a share.

Blua Bell also said it had entered into a "memorandum of understanding providing for the settlement of two lawsuits challenging the merger."

Lowe's shows improvement

By Our New York Staff

LOWE'S COMPANIES, the building materials and hardware stores group, yesterday reported second quarter net profits up from $18.3m or 50 cents a share to $20.5m or 57 cents. This took the six month result from $26.9m or 75 cents a share to $33.3m or 92 cents.

Revenues for the quarter advanced from $418.1m to $484.9m and for the half from $717.6m to $865.2m.

HILL SAMUEL FINANCE B.V.
US$30,000,000
Floating Rate Notes due 1996

In accordance with the provisions of the Notes, NOTICE IS HEREBY GIVEN that for the Interest Period from 24th August, 1984 to 25th February, 1985 the Notes will carry a Rate of Interest of 12 7/16 % per annum and that the interest payable on the relevant Interest Payment Date, 25th February, 1985, against Coupon No. 2 will be US$639.15.

Agent Bank
Morgan Guaranty Trust Company of New York
London

British groups set up biotechnology venture

BY DAVID FISHLOCK, SCIENCE EDITOR, IN LONDON

ICI, the British chemicals concern, and Ranks Hovis McDougall (RHM), the UK bakery group, have agreed a joint biotechnology venture to develop a new food in Britain.

They are to spend £4m to £5m ($5.2m to $6.5m) over the next two years in the large-scale manufacture and test-marketing of the food, made by industrial fermentation.

The food, called myco-protein, is analogous to flour in that it is seen as as raw material for a great variety of foods.

Myco-protein is a microscopically small fungus, from the same family of plants as mushrooms, truffles, and the source of flavour in some kinds of blue cheeses. It is made from starch, a byproduct of some RHM low-calorie foods.

The joint venture is called New Era Foods and about a third of the development cash is to be provided by tha UK Department of Industry from its biotechnology support programme.

New Era Foods plans to take nearly two decades of research, small scale production and safety testing on myco-protein, and scale it up to a rate of about 20 tonnes a week, using an ICI biotechnology plant on Teesside.

Dr Jack Edelman, the RHM director responsible for myco-protein, estimated that about 50 tonnes of it had been eaten since the Government approved it

A variety of foods based on myco-protein are being sold in RHM's own canteens. Between 5,000 and 6,000 people are eating it regularly, Dr Edelan estimates.

But very much large quantities are needed to fully test-market a new food. The ICI facility, originally used to develop Pruteen, an animal feedstuff made by biotechnology from methanol, is though capable of making up to 1,000 tonnes a year.

Unity Trust issue heavily oversubscribed

By David Lascelles in London

UNITY TRUST, the financial institution launched by UK trade unions earlier this year, finds itself in the satisfying but awkward position of having its first share issue oversubscribed.

Some 35 unions have applied for well over the £2m ($2.62m) authorised founder shares. The key question at the institution's first annual meeting next week will be how to deal with the embarrassment of riches.

Unity Trust has three classes of shares: A shares for founder trade unions, B shares for the Co-op Bank which is backing the venture and has agreed to match A shares pound for pound, and C non-voting shares for other investors. Each class is limited to £2m.

The institution – which has a deposit-taking licence and hopes to become a fully-fledged bank – opened its doors on May 1

BASF doubles first half profits as margins widen

BY JONATHAN CARR IN BONN

BASF, the West German chemicals group, raised group pre-tax profits by 105.6 per cent to DM 1.25bn ($434m) in the first half of this year, from DM 609m for the same period of 1983, and boosted worldwide sales revenue by 18.5 per cent, from DM 18.09bn to DM 21.5bn.

BASF is the last of the "big three" German chemical companies this week to announce further striking profits growth in the wake of improved *margins, after the already* strong recovery of 1983.

Hoechst group first half earnings rose by 83.7 per cent to DM 1.5bn and those of Bayer were up by 72.9 per cent to DM 1.48bn.

Like its key domestic rivals, BASF *notes that foreign sales* were stronger than those at home and that higher turnover was achieved mainly through bigger volume deliveries, not higher prices.

Setbacks to profits came only in Latin America and in some domestic subsidiaries, hit by the strikes in the metalworking and printing industries

By-product sector, agricultural protection materials, plastics and fibres all did well but fertiliser business remained difficult.

The BASF AG parent company, raised its pre-tax profit by 58.1 per cent tn DM 566m on sales revenne up by 23.3 per cent to DM 9.9bn. Domestic sales rose by 15.9 per cent to DM 3.9bn and exports by 28.6 per cent to DM 5.99bn.

Capital spending by the parent company was increased by 2.4 per cent in the half-year to DM 380m.

Despite the strong performance by all three majnr companies, the stock market bas remained unimpressed. BASF yesterday closed DM 4.50 down at DM 151, Bayer down DM 3.40 at DM 165.20 and Hoechst down DM 3.20 at DM 166.

One reason is that dividend increases for this year are expected to be only modest, even with record profits, after the *big boost* in payouts made for 1983.

Another reason is uncertainty about the chemical industry's prospects in 1985, and public arguments about environmental protection—most recently over the chemical formaldehyde, of *which BASF* is the world's biggest producer.

Veba considers raising dividend

BY OUR BONN CORRESPONDENT

VEBA, the West German energy and industrial concern, may raise its dividend for 1984 after increasing net profit in the first half to DM 221m ($77m) from DM 149m in the same period of 1983.

Herr Rudolf von Bennigsen-Foerder, tha chief executive, said the company might lift its payout from the DM 7.50 a share of 1983 provided thare were no unpleasant surprises in the current half.

He told shareholders that Veba, the country's biggest industrial enterprise in turnover terms, had virtually achieved its aim of restructuring to remove weaknesses and strengthen earnings.

His statement follows word in *mid-year* that the *group's* nil and gas division, Veba Oel, expects to return to nperating profitability this year and pay a dividend to the parent for tha first time in four years.

Herr Rudolf von Bennigsen-Foerder

The group'a external sales revenue rose in the first half by 5.3 per cent to DM 24.9bn, with turnover from trada and services np by 2.1 per cent to DM 9.5bn and from product sales by 7.4 per cent to DM 15.4bn.

Chemical sales showed the strongest rate of increase—up by 11.4 per cent to DM 2.7bn—*thus* aharing in the *continuing* boom throughnut the whole German chemicals sector.

Capacity ntilisatinn in the chemicals division was up to 82 per cent against 74 per cent last year.

Revenue from electricity sales advanced by 8.1 per cent to DM 5.2bn and a growing shara of atomic power in production helped keep costs down.

Group fixed asset investment in tha first half was down by DM 177m compared with *January-to-Juna* 1983 to DM 848m. Last year capital spending was unusually inflated by an atomic power atatinn refit and energy and raw materials savings measures.

Strike pushes Opel into the red

BY OUR BONN CORRESPONDENT

Opel, the West German subsidiary of General Motors of the *U.S., went into the red in the* first half of this year after making a net profit of DM299m ($104m) for the whole of 1983.

The company did not specify the loss, but noted that GM had put the first-half loss on all its European activities—mainly Opel—at $92m (about DM260m).

Herr Ferdinand Beickler, Opel's chief executive, said key reasons for the setback had been the strike in the metalworking industry and the public debate about exhaust emission systems, which had unsettled potential buyers.

Herr Beickler put Opel's lost production thorough the seven-week strike at 120,000 cars worth DM 2bn. Total production in the first seven months *was 451,000—or 105,000 fewer* than in the same period of 1983.

However, be added that Opel expected to big success with its new Kadett model which was due to come on to the market next month. A total of 120,000 Kadetts of this model would roll off the production lines by the end of the year.

The first half result is doubly disappointing for Opel which turned a loss of almost DM 600m in 1981 into a profit of DM 92m in 1982—and then more tha ntripled earnings last year.

In 1983 Opel boosted sales revenue by 15.5 per cent to DM 14.7bn, produced almost 1m cars and took an 18.5 per cent share of car registrations in *Germany—up from* 18.2 per cent a year earlier. A total of 543,000 cars were exported, about 54 per cent of sales.

General Motor's overall European market share rose to 11.1 per cent in 1983 from 9.6 per cent in 1982.

Opel showed a fall in investment in fixed assets to DM 914.6m during 1983 from DM 964.6m previously. Officials of the company reckon that capital investment in 1984 will likely fall short of the planned DM 1bn.

The company did not pay any dividend to the GM parent during 1983 and net profits were placed into reserves.

Hongkong Tin domicile change

BY OUR FINANCIAL STAFF

HONGKONG TIN, a small tin-mining company operating in Malaysia ,is to move its legal dnmicile to Malaysia *from the* UK, diversify into property, and raise fresh capital.

The board is to incorporate a new company called Hongkong Tin Corporstion (Malaysia) BHD in Malaysia, *which will effectively acquire* the existing group.

The new Malaysian Hongkong Tin then plans to acquire a Malaysian property-development company, Honfoo Realty for 14.7m ringgit ($6.3m) through the issue of 26.7m new shares. Finally, a pnblic issue of 10.6m new shares is planned.

The proposals will lift Hongkong Tin's capital to 44.5m shares from the current 600,000, and existing shareholders would see *their participation dwindla* to 16.2 per cent.

The planned rights and public offerings, if fully subscribed, would raise 8.3m ringgit. The board has not specified any use for the proceeds.

The company has requested immediate simultaneous suspension of trading on the Singapore, Kuala Lumpur and London Stock Exchanges. Its shares last changed hands in Singapore at S$4.16.

The directors plan later to apply for a re-listing on the Singapore and London stock markets.

Dutch paper group ahead

By Our Financial Staff

NET PROFITS up from Fl 6.4m to Fl 10.5m ($3.2m) are reported by Buhrmann-Tetterode, *the Dutch* paper, printing and packaging group, for the first half of 1984.

The company, which staged a strong profits recovery in 1983, has gained from an increase in sales from Fl1.31bn to Fl1.48bn. It repeats the forecast of higber profits for the whole of 1984.

The group's operating earnings for the six months rose m Fl 56.9m from Fl 48.1m. Unit earnings were Fl 2.83, against Fl 1.73 for the opening half of 1983.

For 1983, total net profits were Fl 20.9m following a strong final quarter performance.

Nedlloyd on course for best results since 1981

BY OUR FINANCIAL STAFF

NEDLLOYD, the Dutch shipping group, has bauled itself nnt of *the red for the first half of 1984* with net earnings of Fl 52.4m ($16.1m). The comparable half-year of 1983 saw a loss of Fl 72.9m.

The company says its liner services improved, and there was also a better than expected contribution from oil production. In April, Nedlloyd hinted at a return to modest profits for 1984.

For 1983, a steep fall in operating profits led to a net loss of Fl 94.4m. Nedlloyd was forced to pass its dividend, having paid Fl 5.50 a share in 1982.

The company says it continues to *operate* profitably, and expects second-half net earnings to *be slightly above those* for the opening six months when total revenue improved to Fl 2.23bn from Fl 2bn.

All this suggests that Nedlloyd is on course for its best result since 1981. For that year, net profits totalled Fl 147m and sharehnlders received a dividend nf Fl 13 a share.

Liner services benefitted from the strength of the dollar together with higher tariffs on some routes and improved load factors. Although offshore drilling showed a declina compared to last year's first half, the division performed satisfactorily

Rights for Green Island as losses worsen

BY DAVID DODWELL IN HONG KONG

GREEN ISLAND CEMENT, the troubled Hong Kong company controlled by Mr Li Kashing, yesterday announced plans for HK$86.4m (US$11m) rights issue aimed at reducing mounting debt.

The company at the same time revealed losses for the first six months of this year of HK$120m—more than HK$40m worse than for the same period last year.

The company blamed continued recession in Hong Kong's construction industry, increased costs resulting from low output, and weakness of the Hong Kong currency

It also cited serious problems at China Cement, in which Green Island holds an indirect 20 per cent stake. Mr Li revealed that China Cement was at present negotiating with creditors a rescheduling of its debt. He said Green Island had written off its remaining investment in China Cement, giving rise to a HK$98m loss.

Following the announcement, share prices for Green Island and Cheung Kong—the holding company through which Mr Li controls Green Island—both fell sharply on the territory's stock exchanges. The Hang Seng index, also hurt by the news, slipped by 16.87 points to end the day at 891.12.

Mr Li said that although bank borrowings had been trimmed from a high of HK$840m in 1983 to the current level of about HK$370m, continued deterioration in the cement industry "which may have a material *impact* on *future operations*" made a rights issue essential.

He plans to offer 17.28m shares at HK$5 a share, compared to the current market price of about HK$6.70. Mr Li said that 11.29m would be acquired by Cheung Kong, and he would buy the majority of any shares not taken up.

The company revealed losses after tax of $39.9m, with extraordinary losses of HK$80.3m lifting net losses to HK$120.2m. This compares with net losses in the first half of 1983 of HK$77.8m.

A severe cost reduction *programme* has been *carried* out, with "activities which do not immediately contribute to cash-flow" being curtailed or eliminated. This would enable the company to withstand the current downturn, Mr Li said.

Ericsson sees 20% growth in earnings

By David Brown in Stockholm

ERICSSON, THE Nordic region's largest telecommunications and electronics company, reports pre-tax earnings fur the first six months of 1984 up by 22 per cent to SKr 925m ($111m), due mainly to an improvement in financial income and positive exchange rate developments.

The group farecasts that both sales and earnings will *climb* by 20 per cent by the year's end. Sales for the six months climbed 20 per cent tn SKr 13.3bn. Order bookings grew by 15 per cent to SKr 14bn.

Operating results after depreciation advanced by 14 per cent to SKr 1.26bn. Net financial costs at SKr 380m were SKr 57m lower than at the same point a year earlier. The group raised SKr 500m nn the domestic bond market in Sweden last spring.

The group posted a SKr 12.9m extraordinary loss from holdings in associated companies, against a gain of SKr 94m in the previous period, to strike its pre-tax figure.

Ericsson Inc, the U.S. nperation, jointly owned with Atlantic Richfield, continued to show heavy losses particularly in the information systems area (which suffered heavy development costs) and the cable division. The group has made plans to sell the power cable operations in the U.S.

Ericsson has gained a rising share nf the world telephone exchange market with its successful AXE digital switching equipment, which has now been ordered by 52 countries. It has taken new orders from Morocco, Cyprus, and the Fiji Islands. Sales in the information systems division—which markets terminals and added a new personal computer tn its line in June—climbed by a quarter ta SKr 4bn.

Turnover was strongly ahead in the radio communications division, which received three important cellular mobile radio orders on the expanding U.S. market during the period.

Foreign sales accounted for 79 per cent of total invoicing. Asia was the group's fastest growing market, but remained relatively small in terms of total turnover. Of sales on the majnr markets, Europe grew 28 per cent, North America 22 per cent, Latin America 21 per cent, and Sweden 16 per cent.

The order backlog stood at SKr 23.5bn at the end of the period. Capital expenditures rose from SKr 751m to SKr 957m.

● Gambro, the medical equipment group, reports a dip in profits fnr the first half nf 1984 with net earnings moving down to SKr 43.9m, against SKr 73.2m for the first half of last year.

Sales rose from SKr 606m to SKr 692m, bnt the gronp has been hit by higher costs as a result of heavy capital spending. It expects net profits for the whole of 1984 to emerge at between SKr 100m and SKr 120m.

Danish banks profitable at operating level

By Hilary Barnes in Copenhagen

DANSKE BANK and Privatbanken—Denmark's first and third largest banks measured by balance sheet totals—each reported a substantial improvement in first half nperating profits but a deficit after taking into account unrealised losses on bond and share portfolios.

Danske Bank registered an increase in operating profits from DKr 302m to DKr 391m ($37.2m), before depreciation and provisions. *But there* was an unrealised loss on the securities portfolio of DKr 523m, compared with a gain in the first half last year of DKr 1.3bn, which left a net loss this year of DKr 132m.

Tha bank's balance sheet total increased from DKr 60.2bn on Juna 30 last year to DKr 84.2bn this year.

Privatbanken's nperating profit increased from DKr 66m to DKr 294m. A portfolio loss of DKr 511m compared with a gain last year of DKr 1.5bn left a first half loss of DKr 217m before tax and provisions.

Regional director for Midland Bank

Mr John Burton, at present an assistant general manager, has been appointed a regional director, MIDLAND BANK, with responsibility for the Birmingham regioo from September 1. He succeeds Mr Geoffrey Perfect wbo is retiring. Mr Brian Sharp has been appointed assistant general manager with responsibility for Midlaod Bank Equity Group from September 1. Previously be was a divisional advances controller in Midland Bank's corporate finance division.

★

Mr David A. R. Poole bas been appointed to the board of BLUE CIRCLE INDUSTRIES. He is depnty chief executive of Blue Circle's overseas operations in the Americas and will succeed the present cbief executive, Mr David Baird, who, having reached the age of 60, will be retiring on October 31.

★

Mr Allan Pritchard has become a partner of LYDDON AND CO., stockbrokers.

★

Mr Gordon W. Bridge has been appointed deputy managing director of WESTALL RICHARDSON, privately-owned Sheffield knife manufacturer. He was appointed a non-executive director in 1977, and is a former finance director of the Tempered Spring Company.

★

Brittany Ferries UK director, Mr Ian Carruthers, has been appointed cbairman of the PASSENGER SHIPPING ASSOCIATION, wbich represents principal ship owners in the cruising business and many leading ferry operators.

★

Mr John Browning, general manager and engineer, bas been appointed e director nf the BRISTOL WATERWORKS COMPANY. He joined in 1969, was appointed engineering manager in 1972, and general manager and engineer in 1978.

★

Mr Graham Goss has been appointed group financial director of MITCHELL BROWN HOLDINGS. He was financial director Kwik Fit Euro. Mr Bob Jones has been appointed group engineering director. Mr Terry Jukes has been appointed sales director. He was the company's senior marketing executive with responsibility for sales both through Melbros Car Panels and Bodicare Panel Centres.

★

COLE ELECTRONICS, a member nf the Cole Group, has appointed Mr John Fisher and Mr Fred Glover to the board. Mr Fisher joins following a long career with Standard Telephones aod Cables, retiring as general manager at Newport. Mr Glover has been with Cole since 1971 and is chief engineer.

★

BIRMID QUALCAST'S home and garden division has established an autonomous business unit based at its Stowmarket factory, embracing the Atco and Webb brands. Mr Dennis Holden has been appointed managing director to head the company, and Mr Barry Wanless, previously Atco sales and marketing manager, becomes sales and marketing director. Mr Steve Anderson, manufacturing director and site general manager, and Mr. Derek Keeble, financial director, complete the garden machinery board. At Qualcast (Garden Products), another home and garden division company, Mr Ken Allen aod Mr Peter Mostyn become joint managing directors; Mr Colin Barker manufacturing director and site general manager; Mr John Cooper marketing directer; Mr Alan Dudley financial directnr; Mr Tony Hayward product engineering director; and Mr Brian Slythe sales director.

★

Mr Andrew Johnson has been appointed company secretory of TAYLOR WOODROW INTERNATIONAL. He succeeds Mr Richard Morbey wbo became company secretary of Taylor Wnodrow on July 1. Mr Jobnson joined Taylor Woodrow International in 1675 as an accountant in Oman and transferred in 1977 to Nigeria. He became assistant to the company secretary of Taylor Woodrow International in 1983.

Mr Andrew Jnhnson, company secretary, Taylor Woodrow International

Exco profit soars 165% in first half

CONTINUED EXCELLENT results from Telerate and a significant increase in money broking profits have enabled Exco International to produce profits before tax of £33.13m for the first half of 1984. This compares with £12.51m in the corresponding period, giving an increase of 165 per cent and with £32.46m for the whole of 1983.

In the current period the group continues to trade at a very satisfactory level, the directors report. They are raising the interim dividend from 3.5p to 4.25p on capital increased by the March £68m rights issue at a net cost of £3.32m (£1.78m)—the final for 1983 was 4p.

The group operates as money brokers, stockbrokers, runs financial services and supplies information. Its turnover in the half year shot up from £29m to £78.3m, and its operating profit from £6.89m to £30.22m. Associated companies and partnerships provided another £2.91m (£5.62m).

Telerate, in which the group now has a 52 per cent equity holding, lifted its pre-tax earnings by 59.5 per cent in the nine months to June 30. The gain is attributable to the continuing "healthy pace of orders" in the U.S., and dramatic growth in sales in Europe, Asia, the Middle East and Africa in recent months, arising from the expanded marketing effort of AP-Dow Jones/TELERATE, a company formed last October. "We do not believe that rumoured impending competition will have any impact on Telerate's profitability in the foreseeable future," the directors state.

Renewed volatility in interest and foreign exchange rates aided by an increased shareholding in Noonen Astley & Pearce Inc has resulted in a significant increase in money broking profits in all the geographical regions.

In the first few months of the year, stock markets around the world were buoyant, much to the benefit of stock broking subsidiary, W. I. Carr Sons & Co (Overseas), and the fund management group, Gartmore, both of which had an excellent first half.

A significant proportion of earnings continue to be in U.S. dollars and annual results, which are currently translated to sterling at year end rates, would inevitably be subject to the effect of fluctuation in the exchange rate.

Of the rights issue proceeds, £8m was used in May to purchase substantially all of the minority holding in Carr; a further £16m was used to subscribe for 55 per cent of the shares of a new company, London Forfaiting Company.

In June 29.9 per cent of the shares of a London stockbroker, now renamed WICO Galloway & Pearson was acquired, with an option to acquire the remainder as and when the Stock Exchange relaxes its rules on outside ownership. Results produced by the two newly acquired companies are included from the date of acquisition but in this reporting period are insignificant.

After tax £14.92m (£5.88m) and minorities £6.53m (£659,000), the half year's net profit attributable to shareholders was £11.68m (£5.97m). Earnings are shown at 18.45p (12.02p).

Mr William Matthews, managing director, said later that just over half of the profit comes from Telerate against just under half last time. Gartmore is, on an annualised basis, having its best year ever.

Trevor Humphries

Mr John Gunn (left), chief executive, and Mr William Matthews, group managing director, at the offices of Exco International. They report massive growth for the first half of 1984 with profits up by 165 per cent, and say current trading continues to be very satisfactory.

This year has the whole of the benefit of the New York money broking operation, which was only half-owned last time. Underlying profits on money broking, ignoring the changes in share ownership, have increased by about 30 per cent.

Exco still has £45m of its last rights issue cash. Talks with the U.S. securities firm Cantor Fitzgerald now appear to have ended, but the money still looks most likely to be spent in America.

"We like America," said Mr Matthews. "It is such a vast market and there are a lot of things to look at there." A number of propositions are being looked at "but we are not in a hugh rush to spend the money. We are taking a three to five year view."

Exco admits the money was raised when it saw advantages in having cash as a safety net and possibly to enable it to make cheap acquisitions.

Mr Matthews said his takeover preference would be for "something big rather than a lot of small ones, provided it is well managed and would have the potential to contribute significantly to profits."

Exco wants to develop its stockbroking business both in the U.S. and the UK. It is very interested in trading U.S. Government securities, but does not see itself as a primary dealer in UK gilts.

See Lex

Overseas setback leaves APV £2.2m down

SETBACKS in overseas operations at APV Holdings bit pre-tax profits for the first half of 1984, leaving the result sharply down from £7.75m to £5.57m. Turnover of this group, which makes specialised process plant, moved up from £169.85m to £167.75m.

Sir Ronald McIntosh, chairman, says that the forward order position is satisfactory. Orders received in the first half of 1984 were up on the same period last year and indications are that the group will enter 1985 with a larger order book than at the beginning of this year.

The net interim dividend has been held at 4.5p—in the last full year a total of 11.25p was paid from pre-tax profits of £18.27m. First half basic earnings per share were shown as falling from 13.4p to 9.3p.

Commenting on the results, Sir Ronald says that most of the fall in profits occurred in overseas companies, notably in the U.S., South Africa and Asia. Profits in Europe and the UK were up, with refrigeration companies, in particular, showing a good recovery from low figures last year.

Nevertheless, Sir Ronald admits that the result for the group as a whole is "disappointing."

Changes in top management were announced last month, he says, and the directors have instituted a rigorous programme of cost reduction throughout the group. This will involve some further expenditure on rationalisation, but this will be before the end of the year.

While priority is being given to the cost reduction programme, Sir Ronald says that the directors are fully aware of the need to provide for future growth.

At the trading level, profits fell from £8.88m to £6.78m. Interest costs rose from £1.07m to £1.2m.

Tax was lower at £2.66m (£3.41m), and there were minority credits of £35,000 this time (debits £204,000). Extraordinary debits rose from £76,000 to £636,000, leaving the attributable balance down from £4.07m to £2.25m. Dividends will absorb £1.42m (same).

● comment

Any hopes that APV would weather the recession relatively unscathed have been well and truly dashed. All that has happened is that the downturn has arrived later in the cycle, compounded by the strong dollar's effect on the important U.S. businesses. But unlike other engineering companies, where the troubles have mainly centred on lack of demand, APV's difficulties are almost entirely margin-related with the exception of APV Equipment in the U.S., which has been struggling to find orders for non-food plant. The problem is that head office has allowed overheads to escalate and this has led to the hefty programme of head chopping, particularly in the larger manufacturing companies, and the plan to implement much stricter supervision of on-site expenses for large contracts. The bloodletting is certainly not over, but once APC has licked the margin problem, progress can be resumed. The share price has been slipping all year—from a high of 375p to last night's 232p, down 8p. At this level the prospective multiple is around 9 on a probable outcome of no more than £15.5m before tax charged at 45 per cent. There is clear support by the 365p net asset value, enlivened periodically by bid talk.

Cadbury Schweppes preparing for ADR share issue in U.S.

Cadbury Schweppes yesterday reported an 18.5 per cent profit increase for the first 24 weeks of 1984 and confirmed that it intends to soon proceed with a previously postponed issue of shares in American Depositary Receipt form in the U.S.

Sir Adrian Cadbury, chairman, commenting on the pre-tax profit rise from £33.5m to £39.7m says: "The benefits of investment in improving efficiencies and consumer value can be seen in the encouraging increase in sales and the higher trading margins."

Sales for the period to June 16 rose by 13.9 per cent to £825.8m and trading profits increased by just over 20 per cent from £42.5m to £51.1m.

Referring to the ADP issue, which was postponed because of the state of the Stock Market in May and June, Sir Adrian says that the company will proceed when the necessary regulatory approvals have been obtained. The company will issue between 40m-60m shares.

Net earnings per share improved by 20 per cent to 4.68p and the interim dividend is being lifted 0.1p to 1.6p. Last year's final dividend was 3.9p from full year taxable profits of £106.9m.

Sir Adrian adds that "in the UK both of our major companies, Cadbury and Schweppes, achieved higher sales volumes and increased their market shares. Schweppes' litre sales were 19 per cent ahead of 1983 and the launch of Cadbury's new product, Wispa, continues to be highly successful and confirms our confidence in its potential as a major brand.

"Cadbury Typhoo increased its volume sales by 6.7 per cent, but the sharp rise in the cost of raw tea reduced margins compared with the previous year."

UK turnover rose by £48.7m to £399.1m and trading profits expanded from £21.7m to £24.6m.

As already known, the Australian company produced a good set of results with trading profit 37.5 per cent up at £11m, with both confectionery and drinks achieving higher sales and profits. Cadbury Schweppes Australia aims to complete the purchase of Cottee's General Foods by the end of this month. "This will strength the company's base," Sir Adrian says.

The American region also achieved a sharp increase in trading profit of 33.3 per cent to £6.8m to which confectionery companies made a major contribution. Schweppes performed well in a highly competitive market and while price increases affected Duffy-Mott volumes in the first half, growth prospects for the year remain good. The Canadian businesses increased both volume sales and trading profits.

Sir Adrian goes on to say that results of the European region were encouraging, with the Irish confectionery business 20 per cent up in volume and Schweppes sales in Spain, France and Germany well ahead of last year. Marketing investment in Europe was increased to strengthen the position of company brands and their market shares.

Investment in fixed assets continued at the same level as in 1983 but with increases in capital expenditure in the U.S. and Australia being balanced by reductions in the UK. As is normal, seasonal working capital requirements made the level of borrowings at this time of year higher than at the year-end.

Changes in exchange rates accounted for £24.4m of the increase in group sales and £1.3m of the rise in profit before taxation.

The taxable result was struck after net interest payable of £14.5m (£11.6m) and included a higher contribution of £3.1m (£2.6m) for associates. Profits were subject to tax of £18m (£13.5m), after which minority interests took £2.9m (£2.6m).

Retained profits came out at £13.6m, against £10.7m, from which the interim dividend will absorb £7.2m (£6.7m).

See Lex

HIGHLIGHTS

Lex looks at the new strategy unveiled yesterday by Woolworth, the interim results from Cadbury Schweppes in the run up to its ADR issue in York, the market's cynical reaction to the figures from money broking and financial services group, Exco, and the market's resigned reaction to those from Blue Circle Industries, still struggling through its UK rationalisation. Finally the column looks at the performance of Novo Industri in the light of its setback in enzymes. Elsewhere, Kleinwort Benson is launching a disguised rights issue with a bid for London Prudential, Tottenham Hotspur is making big profits and Meggitt is taking its first step on the acquisition trail.

Chubb/Racal

Chubb has written to shareholders saying there is nothing in Racal's document to change the advice already given to you. "The offers clearly undervalue Chubb and fail to recognise its future prospects. Racal's bid is wholly inadequate. Reject it."

Distillers hints at upturn but warns on costs

Mr John Connell, the chairman of the Distillers Company, indicates in his annual statement that the company may expect an improvement in the current year, but that it would be "imprudent" at this early stage to say more.

In July this year the company reported a drop in pre-tax profits from £209.3m to £191.6m for the year ended March 31 1984, on which dividends totalled 13.65p (13p) net.

Mr Connell warns that a number of factors which caused last year to be so difficult remained. "Although there are grounds for believing that the worst is behind us in some countries, there are as yet no indications of a significant improvement in the situation prevailing in a number of important markets for Scotch whisky which are partially closed to us for economic, political or fiscal reasons.

"Under these circumstances, the difficulty in the short term of increasing profits through sales expansion or raising prices emphasises the need to improve productivity and reduce costs."

Mr Connell adds that the company is operating in a rapidly changing trading environment in its markets. "We shall adapt ourselves to meet the challenges created by these changes, and I am sure that the considerable wealth of talent which exists within the company will, backed by our financial strength, enable us to face the future with confidence."

The accounts show that in 1983-84 there were 20 employees whose emoluments amounted to between £30,000 and £35,000, against 11 the year before.

Shareholders funds as at the year-end amounted to £1.09bn (£1.08m). Over the 12 months there was an increase in working capital of £54.3m compared with £63.6m previously.

Meeting: North British Hotel, Edinburgh, September 20, at 12.15 pm.

Queens Moat expansion—up £1.2m halfway

A £1.18M ADVANCE in pre-tax profits to £2.78m has been recorded by the Queens Moat Houses hotels and restaurants group for the first half of 1984. And the directors say the excellent trading experienced in the period continues into the second half, with forward order bookings looking "most encouraging."

Additionally, the full benefits of the five-hotel Saxon Inn chain and the 248-bedroom Hilton International at Stratford-upon-Avon will not be felt until 1985. With these and other hotels coming through to their full potential, and expansion continuing by way of extension and refurbishment, as well as acquisition, the directors are confident that further substantial progress is assured.

"The record half year demonstrates the benefits accruing from the policy of concentrating on the commercial sector in the 56 provincial hotels as well as in the Drury Lane Moat House, the directors state. It also reflects the success of the expansion programme which has added more than 900 bedrooms over the past 12 months.

In the half-year to July 8, profit was struck after rents £585,000 (£407,000) and interest charged £207m (£1.79m). Tax takes £209,000 (£201,000) and net earnings are shown at 1.68p (1.19p). The interim dividend is held at 0.665p on the capital increased by the one-for-five scrip issue, giving an effective rise of 20 per cent.

Queens Moat continues to operate five public house/restaurants and recently acquired the 100 bedroom Cunard Cambridgeshire Hotel together with the leisure activities. The search for other expansion opportunities continues.

● comment

Queens Moat Houses has always stood to do well from the increase in business travel which began last year and has accelerated in 1984. Growing numbers of tourists, especially from overseas, are also staying at attractively-located hotels, adding an extra element to the group's performance. Beyond this, the results for the first time show the full benefits of the 1982 acquisition of 26 hotels from Grand Metropolitan, which transformed Queens Moat, though the more recent purchases of the Stratford-upon-Avon Hilton among others have yet to deliver their full potential. The group remains keen to expand by further acquisition and by extending existing hotels, but is unlikely to ask shareholders for more cash after three rights issues in as many years. The group should make £6.5m pre-tax this year putting the shares, up ½p to 44½p, on a prospective p/e of about 12, giving the low tax charge of under 10 per cent. At this level Queens Moat is no bargain but the price reflects a hotel group whose income is largely independent of the vagaries of the tourist trade.

S & N weighs up prospects

Mr David Nickson, chairman of Scottish & Newcastle Breweries, at yesterday's annual meeting commented on future prospects in the light of recent economic changes and the lack of response in the beer market to the good summer weather.

The chairman pointed out that since his annual statement of two months ago there had been a rise in interest rates and some slewing down in industrial output and consumer expenditure trends.

He added that "the beer market has been surprisingly unresponsive to another good summer and output for the industry is not expected to show any gain on 1983.

"Nor can we ignore the broad impact of the miners' strike on our commercial interests."

He weiged up future prospects by saying "in general, although we are concerned about some aspects of the economy and recent signs of reduced consumer expenditure, we expect to make further progress in the current year."

Norfolk Capital trading well

FOLLOWING the return to profits in the second half of last year, the Norfolk Capital Group of hotels reports a substantial reduction in its loss for the first six months of the current year. It has fallen from £345,000 to £139,000 and the directors say they view the outcome for the year to September 30, 1984 with "considerable confidence."

They say current trading is continuing well and, as a result of the marketing strategy and buoyant summer tourist trade, the company is achieving increased occupancy levels. In the second half of last year, there was a profit of £400,000.

In the six months, to March 31, the group returned to a trading profit with £186,000 (loss £82,000), being hotels including rents received £184,000 (loss £83,000) and share dealing and dividends received £1,000 (£800). Interest charges were up to 325,000 (£263,000). Loss per share is given as 0.73p (1.82p).

The directors re-affirm that the dividend for the year will at least be held at 0.2p on capital increased by the March rights issue, and have declared an interim of 0.075p net.

Following the success of the rights, they intend to build on the firm financial base and are examining proposals to acquire additional hotels to expand the group's earning capacity.

Occupancy and operating profit at the Royal Court Hotel has improved significantly this year — it re-opened in early 1983 after extensive refurbishment.

● comment

These trading figures in themselves offer little indication of the current state of affairs at Norfolk Capital. The heavy reliance on the summer tourist trade means that the company has always depended on its second half performance. But shareholders, who were asked to stump up £3.2m in a right issue in March, can derive some comfort from the fact that an interim dividend is being paid for the first time since 1980. The indications are that the Royal Court, the Sloan Square flagship, is justifying its £3m refurbishment and the group plans to give the nearby Norfolk a similar teratment starting later this year. With borrowings at about 20 per cent of equity the group is able to fund this work without asking shareholders for more. The shares, up ½p at 18p, look expensive in relation to any reasonable forecast for the current year's earnings but the price is at least in line with the net asset value. There is also the possibility of renewed takeover interest, which was generated earlier this year when the hotel groups Stakis and Kennedy Brooks built up and then sold stakes in Norfolk. The 30 per cent interest of the chairman Lady Joseph, widow of Sir Maxwell Joseph, might yet encourage the attention of the predators.

James Dickie

Trading losses at James Dickie and Company (Drop Forgings) increased from £4,848 to £16,550 in hte six months to April 30 1984. No interim dividend is being paid against 1.5p last time and a final of the same amount.

Turnover of this Scottish company improved from £1.92m to £2.08m. Interest received was lower at £13,094 against £21,395.

Spurs scores £0.7m in strong second half

IN THEIR first year as a publicly listed company, Tottenham Hotspur turned in profits, before tax and transfer fees, of £902,000 against £168,000. The bulk of the increase, some £719,000, came in the second half.

The result represents an increase of some 6 per cent on the £850,000 forecast made at the time of the offer for sale last October. After a net loss of £492,000 in the transfer market (loss £617,000) profits came out at £410,000, a turnround from a deficit of £449,000.

A dividend of 2.3p net per share is recommended, again as forecast. Earnings per share are given as 11.6p before transfer fees, and 5.3p after.

The group's principal activity is the operation of a professional football club, but it also has interests in related leisure activities, property development and travel.

The directors state that during the current year the contribution from non-footballing activities, including a planned retailing and merchandising division, will increase. Advance income relating the football activities is at record level. They look forward to the year with confidence in the expectation of another successful year.

Group turnover rose from £3.57m to £4.76m, with the major share coming from match receipts at £3.1m against £2.36m. Income from the contracting of executive boxes was up by £111,000 to £662,000, and other income contributed £994,000 (£659,000).

Total costs were £3.86m (£3.4m), of which players and staff costs were £1.77m (£1.59m) and match and ground expenses £1.23m (£817,000). Interest charges were £162,000 (£0.5m).

There was no tax charge for the period £19,000). After the dividend, which absorbed £117,000 (nil), the group was left with £293,000 in retained profit (loss £430,000).

The directors state that their initial objective was to create a new corporate structure and to provide the right framework for the expansion into leisure related fields. This has now been accomplished, and the expansion is underway.

The club's season ended on a high note with the success in winning the UEFA Cup in May.

● comment

To the average Tottenham Hotspur fan, who completely dominates the share register, the news that Glenn Hoddle has signed a new contract probably means more than the disclosure that the club has beaten its flotation forecast by 6 per cent. But if the shares, unchanged yesterday at 73p, are to recover and overtake the 100p issue price, new management's success on the non-football side will be crucial. The prognosis is good with determined efforts to get the travel, banqueting and conference activities into the first team. But the line-up will be much clearer once the results of various planning inquiries, and appeals, are known. The 11 acre Cheshunt site, in the books at £100,000, could be a major asset play capable of producing either a one-off disposal surplus to fund all the non-footballing projects or a stream of development income to match the required stage payments. The alternatives to the High Road/Park Lane and Wormley propositions must, necessarily, be second choice. The annual results, portraying what was still very much a football-only set up, show that with the elimination of the previously crippling burden of debt, playing costs have been strictly controlled to move in line with operating revenues and to cover the dividend with something to spare. That, if nothing else, is a measure of the new team's strike rate thus far.

Insley deal initiates Meggitt growth plan

Meggitt Holdings, the machine tool group, is embarking on the first leg of an acquisition-led expansion programme which will eventually see the return of Mr Kenneth Coates and Mr Nigel McCorkell to the electronics and defence sectors.

The initial step, however, takes Meggitt into cutting tools, working holding equipment and specialist precision ball distribution through the acquisition, for £2.6m, of Insley (London).

The consideration will be funded partly by a vendor placing and partly through a rights issue and, on both counts, Investors in Industry is maintaining its support for the new management team.

The vendors of the family controlled company will receive 4m new Meggitt shares and £1.08m in cash. 3i will purchase 800,000 of the placing shares and Capel-Cure Myers, brokers to Meggitt, are to place the balance with some 20 institutional clients at 38p per share.

At the same time, Meggitt is to raise £1.65m before expenses through a one-for-two rights issue, again at 38p per share, to which 3i has agreed to take up maintains its existing 19.996 per is full entitlement so that it cent share of the equity. It will also underwrite the issue.

The vendors, Mr L. Insley and his wife Mrs E. R. Insley, will acquire on completion Insley's 14,000 sq ft factory and 1.3 acres of accompanying land at Bracknell for £500,000 in cash which will be leased backed to Meggitt on a 21-year term at an initial rental of £42,000.

Meggitt has turned round by £292,00 in the six months to April 20 to show a pre-tax profit of £152,000. There is no forecast to support the cash call and the most recent profits from Insley, amounting to £331,000 before tax, relate to 1983. However, turnover in the subsequent seven months is 15 per cent up on the corresponding period of last year.

Meggitt says that it will not pay dividends in respect of the year to end-October although the Insley acquisition will help in this respect so the group thinks that it should be in a position to resume payments next year.

● comment

Investors knew exactly where they were with Meggitt's rights, at 30p, at the turn of the year and the placing which partly finances the first bout of acquisitive activity merely widens the net of funds persuaded to back a management team tested at Flight Rerfuelling. So there should be no qualms about the absence of a dividend or a profits forecast but the direction which this deal seems to be taking Meggitt might require some explanation. After all, Insley's operating profile cannot be described as high-tech which is what all this institutional support is looking for. Rather it gives Meggitt cash flow, and some growthe prospects, as a "building block" from which the forthcoming phase of defence electronics expansion can be constructed. Its effect is to double Meggitt's net worth to £5m while providing £2.6m of cash and near cash. That does not provide very much firepower for further deals so, unless the group somehow finds a sulp in the highly rated electronics sector, the call on shareholders' cash remains and will probably be exercised sooner than later. The shares lost 3p to 46p, which is pretty resilient in the face of this heavy tranche of new equity, and the ex-rights price of 43½p gives market capitalisation of £7.4m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
APV Holdings		4.5	Oct 31	4.5	—	11.25
BBA Group	int.	0.84	Jan 7	0.84	—	1.74
Beales (John)**		2.5	—	2	3.65**	3
Blue Circle	int.	6	Oct 15	6	—	19
British Assets	3rd int.	1.6	—	1.25	—	4.9
Cadbury Schweppes	int.	1.6	Oct 22	1.5	—	5.4
Dale Electric		3	—	2.8	4.5	4
Exco Intl.	int.	4.25†	Nov 16	3.5	—	7.5
Metal Bulletin‡	int.	2.5	Oct 11	2.2	—	6.6
Norfolk Capital	int.†	0.08	—	Nil	—	0.2
Olives Paper	int.	Nil	—	0.35	—	0.35
Parambe	int.	0.4	Oct 5	0.35	—	0.95
Queens Moat	int.	0.67	Oct 18	0.56*	—	1.11*
Saga Holidays		1.3	Sept 28	1.2	—	5
Sunbeam Wolsey‖	int.	1	—	1	—	4.03¶
Tottenham Hotspur		2.3	Oct 29	—	2.3	—
Unibond‡	int.	1.5	—	—	—	—

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Included a 0.033p supplementary dividend. ‖ Irish currency throughout. ** For 63 weeks to May 31 1984.

UK COMPANY NEWS

Interest costs depress Blue Circle

ALTHOUGH OPERATING profits at Blue Circle Industries moved up by £7m to £67.1m for the first half of 1984 thanks to the overseas companies after allowing for a £4.8m jump in interest charges to £14.7m, and higher plant modernisation costs the taxable figure was down from £48.2m to £47.6m.

Turnover of this cement manufacturer moved ahead from £408.6m to £426.3m.

The net interim dividend bas been held et 6p, with earnings per £1 share shown as falling from 26.5p to 25.6p before extra-ordinary ilems.

In the last full year a total of 19p was paid from pre-tax profits of £109.5m (£107.8m). At the last annual meeting tha directors said that the company continued to improve the productivity of operations by heavy capital expenditure, which would mean increases in borrowings and interest charges.

Depreciotion in group companies in the UK is based oo the revaluation of fixed assets at January 1 1979 or on snbsequent cost. Overseas subsidiaries and releted companies depreciation is based on revaluations at varying dates or at cost. Tbe directors say if depreciation bad been charged on original cost of assets only, pre-tax profits for the half-year would havo been increased by £8.5m. Depreciation took £26m (£23.8m).

A breakdown of operating profits by geographical area shows: UK £22.5m (£27.7m); Australasia £6.6m (£4.6m); Africa £14.4m (£14m); U.S. £9.1m (£2.2m); Latin America £5.7m (£3.8m); Asio end the Middle East £8.8m (£7.8m).

Despite a small increase in the overall size of tho UK cement market, home trade cement doliveries remained unchanged at 3.9m tonnes. Imports into Northern Ireland beve ebown soma increase.

The reduction in UK operating profit reflects continuing cement price restraint at a timo wbeh tho benefits of substantial cost saving measures, particularly the major updatings of works at Cauldon and Dunbar, have yet to be realised.

Armitage Shanks contributed to operating profit, an increase of £1.8m with increases at home and overseas.

All U.S. operations benefited from a strong upturn in demand and performed "extremely well."

The directors said later that exceptional itoms are likely to be similar or slightly bigger in tha second half, over the wbole of 1985, exceptional charges should be well down although there is likely to be some carry over in the first balf of that year.

Overall Blue Circla reckons the UK market has increased so far by some 3 per cent, with sales static, market share bas gone down by a couple of points and is estimated at about 58 per cent.

See Lex

BBA sees further recovery this year

BBA Group, o Yorkshire-bssed friction material ond industrial textile manufacturer, made a further recovery in the first six months of this year and pushed taxable profits up by 36.7 por cent from £2.84m to £3.89m.

Despite lbe uncertainty of the outcome of the miners' strike, the company expects that the full year profit figure will exceed the £5.5m earned in 1983. Io 1979 the company ochieved profits of £8m.

Tho interim result was achioved on turnover ahoad by 13.3 per cent to £88.06m, with both overseas and UK operations contributing to the improvement.

Overall, UK companies remained in profit compared with e loss in the first balf of 1983 and oversoas operations recorded a 20.9 per cent profit advance.

Altbougb there was little change in tho proportion of sales between the product divisions, industrial operations notched up a 198 per cent improvemont on e 17.5 por cent sales rise against respectivo increases of 2.3 and 11.9 per cent on tho outomotivo sido.

Stated group earnings per share moved ahead from 1.42p to 2.02p. The interim dividend is being hold at 0.84p net.

Attributable profits emerged et £1.17m (£824,000) after higbor tax of £2.43m (£1.94m).

Saga looking for profit increase over full year

TRADING CONDITIONS were generally difficult for Saga Holidays in the balf year ended April 30 1984, and pre-tax losses rose from £2.07m to £2.26m. But tho directors say they can be fairly coufident that profits for the year should sbow some increase as compared with tho £2.44m echieved in the previous 16 months.

The effect of moving the year-end from June 30 to October 31 will mean that in this and future years thore will be o considerable disparity in results between tho first and second halves. Tho two main troding seasons of spring and eutumn will both fall into the second half.

Looking furthor aheed, Mr Roger do Haan, wbo took ovor the chairmanship at the end of June on the retirement of his father, says bookings for 1984-85 are running 20 per cent abovo the comparable period, although only a relatively small proportion of bookings for the year bavo been received.

"But almost more important aro the cbanges, refinements and improvements which we are making to our products and organisetion which give me confidence for the longer term," be states.

Turnover in tho first half came to £18.59m, against £21.91m, but this represents less than 30 per cent of the year's figuro. There was some rednction in tbe period mainly as e result of e fall in demand for continental and cruising bolidays marketed in Britain, although this was partly offset by an increase in sales of UK based and long-beul holidays.

In the half-year gross profit came to £2.73m (£3.2m) bnt was outweighod by administration and marketing expenses of £5.7m (£5.91m). Net investment Income improved from £645,000 to £715,000. After tax credit £685,000 (£848,000) tho net loss was £1.57m (£1.22m) or 8.73p (6.77p) per share.

● comment

The change in the accounting year means that Saga's two main trading seasons fall into the second half, so the announcement of first half losses should not set off any alarm bells. A legacy of the ill-fated Laker Holidaye acquisition, the decision to change the year's earnings profile mey woll smooth out the hefty expenditure on marketing, but it is also going to make it difficult to make any sense of the intorim results. Hence the company's unprecedented forecast, which carries with it the assurance of coo-tinuing recovery. If £2.5m pre-tax is reached, this will mean an annualised increase of 37 per cent. Reading between the linos, however, it seems that tho increase will be ontirely due to the new U.S. operations, which are now accounting for 30 per cent of group sales. At bome Saga will probably do no better than mark timo. It edmits it gave too much attention to the Laker débacle and neglected to broaden the product range to suit the changing needs of the over-60's traveller. More exotic long-haul destinetions are now being introduced, but this will only have an impact next year. The 100p shares, up 1p, are selling on e prospective multiple (35 per cent tax charge) of 11, which seems to be pitched about right.

British Alcan surges to £26m in first six months

CONTINUING benefits from last year's rationalisation measures and furthor price improvemont in fabricated products bave been reflected in tho first half surgo in taxable profit from £3.1m to £26.3m at British Alcan Aluminium.

Tho result in the period to the end of Juno 1984 already beats tho £22.1m reported in tho last full year, but the directors warn that "in tho present national indnstrial circumstances," tho ontlook for tho rest of tho year must be viewed with caution.

Tho gronp was formed out of tho merger with British Aluminium in 1982, and is ultimetely owned by Alcan Aluminium of Caneda.

Turnover rose from £272.9m to £322.5m, from whicb operating profit emorged substantially np at £38.1m against £13.4m. Interest charges took £11.8m (£10.3m).

After tax ot £1.2m (£1.6m) and minority interests £0.3m (nil) attributablo profit rose from £1.5m to £24.8m.

Capital expenditure was restricted during the six month period. The casb goneration achieved has enobled tho group to reduce borrowings by £26m.

Specialty business rises at Yorkshire Chemicals

AN UPTURN in pre-tax profits from £131,000 to £140,000 has been sbown by Yorkshire Chemicals for the first balf of 1984. The directors say the second half will continue to be adversely affected by the ebsorption of resources and costs disproportionate to sbort-term benefits.

Comparisons have been amended by £214,00 for e stock discrepancy.

Turnover moved up from £13.6m to £15.27m. At the operating level profits improved from £502,000 to £577,000, but wore subject to highor interest costs of £437,000 (£371,000).

The directors say work has been going on for tho past year in torms of new products, new markets, re-equipment and modernisation of information systems which started to create a more broadly spread business based on speciality chemical manufacturing skills.

During the period sales of speciality products increased by 39 per cent and now represent 26 per cent of total sales against 21 per cent in the first half of 1983.

As indicated at the annnal meeting, tho group is obsorbing substantial costs in devoloping plant and processes in order to bring ebout this growth. This sector of activities is continuing to grow

● comment

Yorkshire's 7 per cent increase in pre-tax profits was below even the City's most modest expectations, and the shares accordingly dropped 3p to 41p—less than one-third or the group'e 137p net asset valno. Any recovery in tho dyestuffe market, whicb takes roughly 75 per cent of sales, seems a long way off, and the bottom lino is unlikely to show the benefits of Yorkshire's stringent cost controls and move into speciality chemicals until next year. Dyestuffs manufacturers many times Yorkshire's size are following exactly tho same divorsification strategy, inviting the question whethor speciality chemicals might become just as competitive as dyestuffs are now. Yorkshire argues that it is choosing niche markets, in high performance plastics, photographic chomicals and metal finishing, which are too small to ottract tho likes of ICI. With the share price at sueb o hugo discount to apparently high quality assets, and with £5m-£6m of unrelieved tax loss in the balance sheet, Yorkshire looks vulnerable to a bid. Yet it is hard to see wby a direct competitor would want to take on extra capacity in o heavily overburdened industry or even go to the expense of closing Yorkshire down. The group's plant is flexible, so a more logical approach could perhaps como from another quarter of the chemical industry.

Kleinwort is London Prudential bidder

BY ALEXANDER NICOLL

Kleinwort Benson Lonsdale, the bolding company for tha Kleinwort Benson merchant banking group, emerged yesterday as the bidder for the London Prudential Investment Trust, whicb is run by its own investment management arm.

Kleinwort is making sn agreed bid worth sbout £14m for tho trust, which it will liquidate. The effect will be to raise roughly as mucb capital for Kleinwort as would a one-for-twelve rights issue.

This method of raising capital, termed a disguisod rights issuo, bas been increasingly popnlsr among companies seeking to broaden their shareholdor base and to raise cash without a direct appeal to existing sbareboldors But in Kleinwort's case, it appeared that simple expediency bad dictated the movo.

London Prudential, ono of eight investment trusts managed by Kleinwort, had received othor bid spproaches. Dominion International, whicb mado s similar bid for Anglo-International Investment Trust on Wednesday, was holieved to bave been among those interested.

Mr Christopber Eugster, a corporate finance director at Kleinwort, said the bid had seemed a convonieot way of resolving London Prudential's future, given that it was probably sbout to be taken over.

Kleinwort bad no urgent need for capital, bo ssid, but needed to hroaden its capital baso to support its expansion in international securities markets.

Amid the recent spate of link-ups between Britisb financiel institutions, Kleinwort Benson has agreed to acquire stockbrokers Grieveson Grant when Stock Exchango rules permit. Initially it is buying 5 per cent, but tbo price has not been disclosed.

Kleinwort has also paid £19m to acquire ACLI Government Securities, renamed Kleinwort Benson Governmont Securities, e primary dealor in U.S. government securities.

Kleinwort's sbare offer is at 111 per cont of London Prudential's net asset valuo. Thore is s casb alternstive, underwritten at 340p per Kleinwort share, et 102 per cent of net asset value.

London Prudential's balf-dozen major institutional shareholders, wbo account for a majority holding between thom, are believed to view tho offor favourably, and some are likely to take Kleinwort shares. Atlanta Investment Trust, which bought e 14.6 per cent stake last Jannary, is expected to take cash for its holding.

Shares of London Prudential, which have e net asset value of about 230p, rose 4p yesterday to 236p, after gaining 12p the previous day.

Kleinwort shares foll 10p to 360p, valuing the group at £917m.

Kleinwort has never previously made e rigbts issue of any kind, and the new shares to be issued as a result of the bid will account for about 7.6 per cent of the enlarged capitsl.

London Prudential shareholders are being offored, for each trust share, Kleinwort shares taken et a nrice of 370p each to the valua of 111 per cent net asset value, as determined when the offar goes unconditional. The offer is subject to a maximum net asset value of 250p, and sny excess over this value will be paid at 100 por cent in cash.

The cash alternative is 102 por cent of net asset value, up to a value of 250p, with the excess over 250p again being paid at 100 pe rcent. An offer will be made on behalf of stockbrokers Hoare Govett to buy or find buyers for Kleinwort shares not takon up by trust shareholders.

Because the small size of tho Kleinwort capital increase will not seriously diluto existing holdings, present shareholders will beve no formal rights to subscribe to tho new Kloinwort shares.

London Prudential's portfolio is aminly invested in e hroad spread of UK, U.S., and Japanese equities. It is being advised in this deal by merchant bankers Robert Fleming.

Finlan says Lincroft bid defence is 'misleading'

BY ALEXANDER NICOLL

John Finlan and its bid target Lincroft Kilgour yesterday exchanged another round in thoir bitter battle. Lincroft, a textile and investment group, urged shareholders to reject the increased offer, and Finlan dismissed the statomont as misleading.

Finlan, a property development and construction group chaired by Mr Graham Ferguson Lacey, is offering 55 of its shares plus 615p in cash for every 41 Lincroft shares. It it also offering to pay the 1.5p Lincroft interim dividend. Finlan owns 23.79 per cent of Lincroft and received *acceptances* for its initial lower offer of another 13.04 per cent.

Finlan's offer is essentially a cash-raising exercise. Lincroft charged yesterday that Finlan had a woak balance sheet and falling profits, and thet Finlan's share price would collapse if the bid succeeded. It also produced a graph giving an unflattering picture of Finlan's degree of solvency and a rosy view of Lincroft's.

The graph, prepared by Performance Analysis Services, was rejected by Finlan as misleading and inappropriate, since it treated Lincroft as a textile company and Finlan as a construction group. Lincroft has become primarily an investmont company and Finlan is now mainly a property development company, Finlan said.

Derek Bryant to acquire 90% of I. R. Stock

Derek Bryant, a specialist Lloyd's broking group, plans to acquire 90 per cent of London reinsurance broker, I. R. Stock.

Bryant, quoted on the Unlisted Securities Market, will issue 238,500 shares valued at about £537,000, and 183,500 of the shares will be placed at 225½p in a vendor placing.

Stock specialises in non-marine excess of loss and proportional treaty business from Lloyd's end London insurance companies. Mr Ian Stock will retain a 10 per cent holding, to be acquired by Bryant within fivo years.

Shares of Bryant, of which the *capital* will expand by 11 per cent as e result of the purchase, were unchanged yesterday et 240p.

Astbury buys Austenwood

Astbury & Madeley (Holdings) has agreed to acquire the capital of Austenwood Holdings with effect from January 1, 1984 for £1.08m.

Consideration will be satisfied by £662,415 in cash and the issue of 430,500 new ordinary shares of 20p oach in Astbury & Madeley (Holdings). The new shares will not qualify for the intorim dividend for the year ending December 31, 1984.

Austenwood Holdings bas two wbolly-owned trading subsidiaries. British Fittings (Hondon) and British Fittings (Glasgow). At December 31, 1983, Austenwood Holdings' consolidated net assets were £1.4m and profit before tax was £121,111. Turnover amonnted to £6.53m.

British Fittings (Hendon) is a *distributor of valves*, tubes and tube fittings in the east, south east and southern counties. Brlish Fittings (Glasgow) has achieved considerable expansion over the last few years.

Mr John H. Watson, the principal vondor, wbo is at present chairman and managing director of Austenwood Holdings, has agreed to remain as the chairman of that company for four years.

The acquisition of Austenwood is in line with the policy of Astbury & Madely (Holdings) to extend the activities, particularly in London and the south east.

Cole Group purchase

Cole Group has acquired Wallis Electronics for a cash consideration of £400,000, with a maximum further payment of £400,000 dependent on profits echieved in the years ended March 31 1985 and 1986.

Wallis is engaged in the development and manufacture of high voltage power supplies. In

Carless chairman reported to Panel

By Dominic Lawson

Mr John Leonard, the chairman of Carless, Capel & Leonard, whicb on Tuesday launched a takeover bid worth over £100m for Premier Consolidated Oilfields, is being reported to the Takeover Panel.

Schroder Wagg, the merchant bank advising Premier, is reporting the Carless chairman for an elleged infringement of the City takeover code. In a national nowspaper pnblished on Wednesday, ho wes reported as saying that ba bad no intention of increasing the offer for Premier. Carless' offer is sn all-share bid of one of its shares for every three shares in Premier.

The takeover code insists that a bidder must not say that bo will not revise his initial offer the closing date of that offer. Carless bas not even sent ont its offer to Premior shareholders, since it has not yet received from Premier a copy of its shareholders' register.

Lazard Brothers, the merchant bank advising Carless, lsst nigbt had no official comment to make on the move by Schrodor Wagg.

BOC/Norsk Hydro

The industrial chemicals division of Norsk Hydro has entered into negotiations with The BOC Group for the scquisition of the latter's Danish subsidiary, Aktieselskabet Kulsyre OG Torisfabriken (Union). Negotiations are at an advanced stage and it is anticipated that the acquisition will be completed by the end of September 1984.

Union is a major supplior of carbon dioxide and dry ice in Denmark. Tha company is also involved in the construction of carbon dioxide plants for sale around the world. It has 120 employees and a yearly turnover of DKr 100m (£7.2m).

Amax in line as a partner in $210m Chile mine venture

BY KENNETH MARSTON, MINING EDITOR

CHILE'S Stato Development Corporation (Corfo) says that it prefers proposals put forward by America's Amax for e $210m (£160m) joint m ining venture there to those of Lithium Corporation of America, a subsidiary of Gulf Resources and Chemical Corporation.

The venture involvos he mining of potassium sales, boric acid and lithium in the northorn Atacama Desert, in partnership with the Chilean molybdenum producer Molibdeno y Metals and Corfo.

Corfo said it expected that if a deal was reached with Amax, about three years of further exploration and study would be needed before a final go-ahead decision was taken. Amax regards the news that it has the edge over Lithium Corporation as e "significant development towards an important project."

Commercial production could be reached in about six years with maximum output taking longer, the rate presumably depending to some extent on market circumstances. Full annual production would amount to 500,000 tonnes of potassium chloride, 193,000 tonnes of potassium sulphate and 23,000 tonnes of boric acid. The concession would run for 30 years.

Corfo added that negotiations were likely to centre on the planned production of lithium (it has a wide range of uses covering the aluminium, oil, synthetic rubber and ceramic industries) and on the share of ownership in the venture.

Present thinking is for Amax to have about 62 per cent with 13 per cent for Molibdeno and 25 per cent for Corfo.

Lithium production requires the agreement of Chile's Nuclear Energy Commission (lithium also has nuclear applications) and could cause problems with another project whicb bas just got under way in the Atacama Desert.

The latter, a joint venture between Corfo and Foote Minerals, has an exclusive production clause for lithium for the early years of the operation.

Higher gold production boosts North Kalgurli

THE EXPANSION of treatment capecity st the Western Australian gold operations of North Kalgurli Mines seems finally to bo paying off, with the news that an *excellent performance* in the fourth quarter of the year to June 19 bas resulted in the company returning to profits for the year as s wholo.

Net profits for the 12 months were A$374,000 (£244,000), after e deficit over the first three-quarters of the year of A$38,000. Tha latest full-year profit compares with a loss in 1982-83 of A$1.06m, and has been made in spito of the lower gold price.

North Kalgurli described the year as one of "good progress," with gold production 48 per cent highor et 59,000 ozs in the wake of a 50 per cent *increase* in mill throughput. Gold output should bo even higher in the current financial year, with production running at an annual rate of 70,000 oz since April.

The company edded that the main features of the past year were the rapid *development* of the surface oxidised ore discovered last year, and the commissioning of a separate oxide circuit in the treatment plant. In addition, 10,000 metres of development work vital for the mine's future were completed during tho year.

The latest results from the gold producer provided a mocbneeded boost to the profits of Metals Exploration for the year to June 30. Metals Ex owns 28.9 per cent of North Kalgurli and effectively controls the company.

Over the past year, Metals Ex has increased profits by 74 per cent to A$648,000.

But the company's nickel mining was suspended et Nepean, Western Australia, pending e recovery in the nickel market, while tin production foll owlng to the removal of plant from the Sandy Flat venture in northorn Queensland to Gibsonvale in New South Wales, where commercial alluvial tin mining is planned to start this month.

The unconsolidated Metal Exploration Queensland, which owns 50 per cent of the Greenvale leteritic nickel-cobalt joint venture in Queensland, reduced its loss for the year from A$38.6m to A$32.8m.

The decline in the Australian dollar helped to offset the impact of the continued low nickel price of U.S.$2.20 per pound, while there was an increase in production to 70 per cent from 50 per cent of design capacity.

COMPANY NEWS IN BRIEF

A turnround from losses of £39,000 to £211,000 profits has left Needlers in the black et the midway stage for the first time since 1981.

Mr R. F. Needlor, chairman, says the improvement in the 25-week period to June 23 1984 is due to a large increase in turnover, up from £4.32m to £5.24m, arising from e growth in main UK brands and the doubling of their export volume.

The pattern of trade of this makor of confectionery has changed and therefore tho second balf will no longor be significantly better than the first, but the chairman expects e full year pre-tax profit of over £400,000.

Tax was up from £2,000 to £17,000, and there will be a provision for deforred tax in tho annual accounts.

Earnings per share are quoted at 9.5p (loss 2.4p).

* * *

Dealings in the shares of Scanro, the windsurf board manufacturer and distributor, are expected to begin on the USM on Monday.

The prospectus was publisbed yesterday following a meeting of shareholders on Wednesday when approval was given for a reverse takeover of Extract Wool Holdings, a quoted company which was renamed Scanro Holdings.

Grieveson Grant are placing 282,000 shares of Scanro at 105p each, giving e market valne of £3.24m. The p/e, on forecast pre-tax profits of £410,000, up from £312,744, is 12.8.

* * *

Announcing a £210,000 increase to £405,000 in taxable profit in the first half of 1984, the directors of Unibond (Holdings) stress thet although the increase is significant, the comparable profit figure was depressed.

They warn further that tho full year results will inovitably be affected by certain non-recurring costs connected with the move to now facilities.

The group, a manufacturer of adbesives, which came to tho USM in January, is to pay a first-ever interim dividend of 1.5p net per share.

Turnover rose from £3.88m to £4.99m, from which operating profit emerged at £439,000 (£286,000). No interest was payeble (£57,000). Tax took over £100,000 moro at £185,000 and there was an extraordinary deferred tax provision of £100,000 (nil).

Earnings per share came out at 3.91p (adjusted 2.52p) before tho extraordinary item, and 4.51p (adjusted 3.28p) after.

* * *

Pre-tax profits at USM publisher Metal Bulletin moved up from £325,600 to £499,000 for the first half of 1984. The directors say indications are that pre-tax profits for the year may increase by about 10 per cent.

Following changes in tax rates, coupled with group policy of providing for deferred tax in full, net profits should be more than 20 per cent ahead.

They say higher profits are traditionally generated in the second half.

Turnover rose from £2.05m to £2.79m.

The net interim dividend has been lifted from 2.2p to 2.5p, on stated earnings per share of 6.1p (3.6p).

* * *

With s rise in profit before tax from £162,000 to £168,000 et the halfway stage, the directors of Arthur Wood & Son (Longport) are confident that the current financial year will produce a record profit and turnover.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Benford Concrete Machinery, Exeter Building and Construction, Mersey Docks and Harbour, Technology for Business, Wagon Finance.

Finals: Kennedy Smale, Nova (Jersey) Knit.

FUTURE DATES

Interims—

Babcock International	Aug 29
Liverpool Daily Post and Echo	Sept 18
Morrison (William) Supermarkets	Sept 20
Robinson (Thomas)	Aug 30
Stat-Plus	Aug 30
Stewart Wrightson	Sept 7

Finals—

Janter	Aug 28
Kent (John)	Sept 13
Ricardo Consulting Engineers	Sept 4
Somportex	Sept 4

BANK RETURN

BANKING DEPARTMENT

	Wednesday August 22 1984 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	—
Public Deposits	40,265,458	+ 128,150
Bankers Deposits	667,018,584	+ 84,042,373
Reserve and other Accounts	1,464,389,265	— 5,071,264
	2,186,220,279	+ 79,098,258
Assets		
Government Securities	403,261,857	+42,765,000
Advance & other Accounts	868,713,708	+ 178,671,102
Premises Equipment & other Secs.	904,508,118	— 143,550,590
Notes	8,675,010	+ 1,214,095
Coin	165,265	— 549
	2,186,220,276	+ 79,099,858

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	12,180,000,000	+ 80,000,000
in circulation	12,171,426990	+ 78,785,905
in Banking Department	8,573,010	+ 1,214,095
Assets		
Government Debt	11015,100	—
Other Government Securities	1,239,790,549	—105,782,316
Other Securities	10,558,194,351	+185,782,516
	12,180,000,000	+ 80,000,000

THE PROPERTY MARKET BY MICHAEL CASSELL

A nasty case of mud-slinging breaks out along the river bank

BOB REYNOLDS, the chief planning officer of Hounslow in west London, is not an especial admirer of the two-lipped door snail. He is, nevertheless, happy to have the little mollusc on his side in his fight to prevent one of the most controversial development schemes ever proposed along the River Thames.

The snail lives in the inter-tidal mud flats which lie off the riverbank at Brentford. Along with the equally obscure hairy snail and the rare Sea Clubrush—not to mention a positive *shoal of red herrings*—they have been dragged into a planning battle in which the central issues often seem to have been swept away in a tide of accusations, invective and innuendo.

The story of the struggle by Dimsdale Developments, the private property group headed by Dennis Beadle, and Crowvale Properties, an Associated Newspapers subsidiary, to develop a new island village and nuay is one in which the dividing line between planning and politics seems as clouded as the Thames itself.

A public inquiry into the proposals, which entails filling in e stretch of the river aronnd Lot's Ait—one of three islands off Kew Gardens—will resume at Hounslow civic centre next week. Which location will have most mud stuck to it by the end of the hearing is hard to assess.

It is a planning battle in which personalities loom large. On one side is Reynolds, stoutly defending the sanctity of the Thames and of his council's development policy; on the other is Beadle, a flamboyant and enthusiastic property man with over 100 schemes behind him and a driving determination to add Lot's Ait to the list.

Both sides have called in armies of experts, analysts and advisers to press their case, in what they all accept is one of the most crucial planning inquiries ever staged in the greater London area.

It is a planning battle in which emotions are running high and politics are being played to the full. Take, for example, the words of George Nicholson, chairman of the Greater London Council planning committee: "We cannot tolerate a jam-packed scheme which would create a precedent of allowing speculators to bury part of London's beloved Thames under thousands of tons of concrete. Developers are trying to grab part of the river for themselves to build houses for the rich."

No river

"Where on earth would it end? We would heve no river left. Someone might then want to deck over the Thames throughout central London just to build more tourist shops." No one, spparently, has told Mr Nicholson that County Hall, home of the GLC, is built on just such an infill site.

Over to Beadle: "We are fighting a political and not a planning battle. The actions of Hounslow's planning officials has been disgraceful and scandalous and our proposals have been repeatedly misrepresented.

"Let no one imagine we are attempting to destroy some green and pleasant stretch of Thamesside land. The site in question involves e derelict collection of ugly buildings on which Brentford has, until now, been happy to turn its back. If the council gets its way, it could end up as a sand and ballast depot or a scrap metal yard. So much for conservation then."

The two sides have not always heen at each other's throats. Indeed, in 1977, Hounslow asked Beadle to advise them on the future of the run-down riverside et Brentford. They partnered each other in the development of Thsmesside House, a 22,000 sq ft office scheme now fully let, and also worked together in establishing the nearby Waterman's Park arts centre and office complex.

But things began to go wrong when the socialist-controlled council changed its office development policy in 1980 and left Dimsdale with a riverside site acquired in the belief that offices would be approved. After an eppeal, Dimsdale got its permission and Hounslow found itself on the receiving end of s bill for £80,000 costs and a ticking off for its inconsistent planning policies.

Now Hounslow wants to see this particular stretch of the river used for industrial purposes and has rejected Dimsdale's attempts to provide a mix of housing, offices and public amenities which the company claims will *revitalise* the area.

The developer's first proposals involved enlarging Lot's Ait, joining it to the mainland and developing 148 homes, ranging in price from around £36,000 to £100,000. In April last year, Hounslow's environmental committee adjourned a decision on the plans in order to allow more discussions between the two sides.

Major row

Whether or not those talks ever took plece has provoked a major row. Reynolds says discussions were duly held but Dimsdale denies it and et the re-opened inquiry will demand proof the talks were held—in the shape of entries in the chief *planning officer's diary*. Beadle saye he will go to the High Court, if necessary, to ensure the relevant documents are produced.

Last September, Reynolds reported "no progress" to his committee and the Dimsdale proposals were rejected by 11 votes to 10, with two abstentions. After withdrawing proposals for a second scheme, the developers produced e third blueprint, involving more homes, e small marina, craft workshops and 23,000 sq ft of offices.

In joining Lot's Ait to the bank, around 2½ acres of water would be filled in with 170,000 cubic metres of sea-dredged aggregata and the island would be raised by about 8 ft. Both the original proposals and the latest plans are being examined together by the inquiry inspector.

Bob Reynolds says the grounds for refusal centre on arguments of planning policy and precedent, although the council is equally anxious—along with a number of conservation organisations—to preserve the natural riverside environment.

"The plans would create a backwater creek into which silt and sediment would be deposited. The water would no longer be scoured by tidal flow and would become stsgnant, dirty, unattractive and incapable of supporting wildlife. We are hardly basing our case on the fate of the two-lipped door snail but the future of such creatures is an issue."

Perhaps more fundamentally, tha council says the plan represents a huge overdevelopment of a sensitive site. In terms of density, height and sita coverage, the planners say it exceeds all the proportions envisaged in the local plan.

"Neither are we convinced that the scheme is viable ss it stands. There is a nagging doubt that what we have got is a *planning application* to establish the principle of filling in the river. Once that is allowed, the developers will come up with something much bigger and more profitable."

Hoonslow's chief planning officer says the plans will involve "a huge and expensive engineering operation aimed at providing very small and very expensive homes. In any case, we don't want housing on that site."

Roberts is also critical of the *role of the Port* of London Authority, which owns the stretch of wster involved and which seems ready to agree to the Dimsdala scheme. "It is staggering that s body whose terms of reference sre to maintain and protect the river should agree to any plan to fill it in. A realist has to accept, however, that the PLA is hard-pressed financially and thet one of its board members is also an Associated Newspspers man."

Dismissed

Hounslow also says it has checked the Thames from Oxford to Essex snd says there is no precedent for filling in the river: "One thing this inquiry has taught us is that local authorities must establish a much more clearly defined policy towards the river. It is too important to handle on a piecemeal basis."

The council has olso put forward numerous other planning objections to the plan, all of which are dismissed by a development team which feels Hounslow planners have abused the planning system and set themselves sgainst the riverside proposals and on a deliberately obstructive course.

According to Dennis Beadle: "Decisions have been made which have nothing to do with planning and everything to do with local politics and old-fashioned dogma. This inquiry has been forced to listen to detailed argument on planning points which should have heen raised in preliminary negotiations. But we were never given the chance to hold those discussions. The hearing could cost as much as £350,000 and we will be going for full costs, whstever the outcome."

Dimsdale says its already has an agreement with the PLA to fill in the Thames and to ensure that the Authority benefits financislly from the development. Beadle states flatly: "The PLA hss powers to infill the river without consent from anyone else and I hsve a piece of paper in my pocket ellowing me to get on and do it. As for the precedent argument, the PLA itself has given us a long list of riverside sites where this has been done over the years."

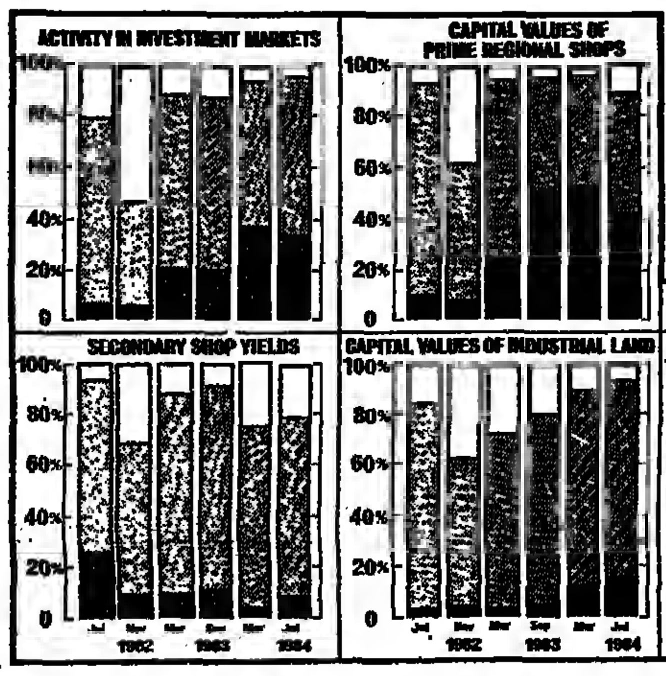
Beadle rejects all the arguments about over-development, pointing to higher-density projects sll over the borough and is clearly annoyed that, further upriver st Isleworth, the council is itself joining forces with Speyhawk to develop what bis QC described at the inquiry as en almost identical site.

"The latest little manoeuvre in Hounslow's campaign is the emergence, with an inquiry still running, of a tree preservation notice for Lot's Ait. There are three trees on the islsnds and our experts say all three are diseased."

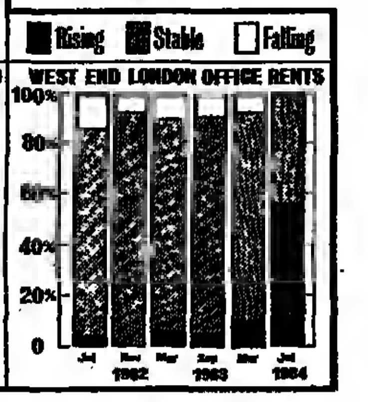
"How can the council persist in its criticism of our scheme on the basis it will bsrm the local environment when it has openly acknowledged that it proposes this part of the riverbank should be earmarked for general industrial use? When barges were repaired at Lot's Ait, mechanical hammers, electric drills and saws were used all the time. Hounslow is now spparently happy to contemplate a lifetime of noise, vibration, smell, smoke, dust and grit, rather than a pleasing riverside environment in which people can work and live."

Even the plucky little freshwater snail with a penchant for mud has, according to Beadle, heen misrepresented. "The door snail is not that rere along the river and, in any case, he lives primarily around the next island and not on ours. We know, because we got someone to dig e few up." What else remains to be dug up at the inquiry, likely to run for another couple of weeks, is anyone's guess.

THE FT/RICS PROPERTY INDICATORS



● *A poll by the Royal Institution of Chartered Surveyors, RICS member firms and investing institutions in all regions were asked if there was n rising (R), etatic (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.*



AREAS		LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NAT-IONAL
QUESTION 1 Compared with three months ago: What is the trend in rents?		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
(a) Offices	R	32	56	7	32	0	18	27	10	7	16	19	65	0	17	24
	S	68	44	93	68	92	76	64	80	86	79	76	35	90	83	72
	F	0	0	0	0	8	6	9	10	7	5	5	0	10	0	4
(b) Prime Regional Shops	R	40	85	78	64	85	71	100	78	86	50	73	75	30	67	70
	S	60	15	22	36	15	29	0	22	14	50	27	25	70	33	30
	F	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c) Secondary Shops	R	23	43	36	62	33	47	55	24	36	24	48	60	33	33	32
	S	69	57	64	38	67	53	45	76	64	76	52	40	67	50	57
	F	8	0	0	0	0	0	0	0	0	0	0	0	0	17	11
(d) Modern Factories	R	20	17	36	33	0	6	0	0	0	0	4	0	0	0	9
	S	70	83	64	63	92	88	92	95	100	95	92	94	100	60	85
	F	10	0	0	4	8	6	8	5	0	5	4	6	0	40	6
(e) Modern Warehouses	R	22	17	36	35	0	6	8	5	0	0	4	6	0	0	11
	S	78	83	64	62	92	82	84	90	100	100	92	88	100	80	85
	F	0	0	0	3	8	12	8	5	0	0	4	6	0	20	4
QUESTION 2 What is the trend of invest yields?																
(a) Offices	R	0	18	0	8	0	13	20	17	0	6	0	0	0	0	6
	S	100	76	100	84	91	74	70	78	100	88	86	93	90	67	86
	F	0	6	0	8	9	13	10	5	0	6	14	7	10	33	8
(b) Prime Regional Shops	R	0	21	0	4	0	0	40	18	0	0	11	13	0	0	8
	S	89	64	80	71	75	67	50	59	77	82	68	56	89	50	70
	F	11	15	20	25	25	33	10	23	15	18	21	31	11	50	22
(c) Secondary Shops	R	9	7	17	12	0	0	20	0	0	18	10	14	0	0	9
	S	64	73	50	73	73	86	50	69	77	71	65	72	88	83	70
	F	27	20	33	15	27	14	30	31	23	11	25	14	12	17	21
(d) Modern Factories	R	0	0	8	8	0	27	0	17	8	0	13	7	0	20	9
	S	71	100	84	84	91	67	90	72	92	89	61	93	90	80	01
	F	29	0	8	8	9	6	10	11	0	11	26	0	10	0	10
(e) Modern Warehouses	R	0	0	8	13	0	13	0	17	0	0	13	7	0	17	7
	S	86	100	84	87	91	80	90	72	100	89	65	93	90	83	85
	F	14	0	8	0	9	7	10	11	0	11	22	0	10	0	8
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	25	47	0	40	0	19	20	6	8	11	19	44	0	33	21
	S	75	47	92	56	92	69	70	83	84	83	76	56	78	67	72
	F	0	6	0	4	8	12	10	11	8	6	5	0	22	0	7
(b) Prime Regional Shops	R	44	75	75	67	75	58	100	82	61	47	52	53	45	67	54
	S	56	25	25	33	25	42	0	18	31	53	48	47	55	33	35
	F	0	0	0	0	0	0	0	0	8	0	0	0	0	0	11
(c) Secondary Shops	R	27	43	40	48	27	79	60	22	14	23	35	36	50	17	34
	S	64	50	50	52	64	21	20	72	72	71	60	64	50	83	61
	F	9	7	10	0	9	0	20	6	14	6	5	0	0	0	5
(d) Modern Factories	R	25	17	38	30	0	6	0	0	0	17	13	0	0	0	12
	S	63	83	54	67	92	56	91	89	92	78	58	87	89	50	75
	F	12	0	8	3	8	38	9	11	8	5	29	13	11	50	13
(e) Modern Warehouses	R	33	17	38	33	8	13	0	6	0	17	12	7	0	0	14
	S	67	83	54	63	84	62	91	83	100	78	63	80	89	83	75
	F	0	0	8	4	8	25	9	11	0	5	25	13	11	17	11
(f) Industrial Land	R	37	33	50	35	0	7	10	6	0	6	13	7	0	0	15
	S	63	67	50	65	92	80	90	94	83	82	74	86	88	100	78
	F	0	0	0	0	8	13	0	0	17	12	13	7	12	0	7
QUESTION 4 Activity in Investment Markets	R	26	25	36	32	33	44	45	53	31	13	36	36	10	50	33
	S	63	75	64	64	58	56	55	47	69	87	59	64	80	33	63
	F	11	0	0	4	9	0	0	0	0	0	5	0	10	17	4

Few signs of strong revival

ACTIVITY in the UK commercial property investment market remains comparatively subdued, according to the findings of the 25th Business Indicator poll conducted jointly by the Royol Institution of Chartered Surveyors and the Financial Times.

At the time of the last poll, in March, there were clear signs that investment interest was finally reviving after a prolonged period of low spending activity. Since then, there has been some evidence that institutions have been more ready to contemplate stepping up property investment programmes but the latest poll findings show their return to the market remains cautious and highly selective.

In March, abont 40 per cent of respondents reported a rising level of investment ectivity in the property sector, but by July the proportion was down to a third. In the major investment markets, sucb as the City of London and the West End, substantial reductions in investment sctivity were registered. Tha fall may have something to do with seasonal factors and a shortage of suitable opportunities, but the poll would seem to confirm the view that eny large-scale upswing in spending on property is still some way off.

The present trend of investment yields shows little change from the picture recorded four months earlier. The overall situation remains static, with minimal reports of any increases in yield levels and with reductions largely confined to prime regional shops and secondary shops.

This week, o report from Hillier Parker May & Rowden shows thst rents for secondary shops bave actually risen et an annual rate of 9.2 per cent since 1979, against 6.5 per cent for prime retail premises.

The agents point out that, despite the recession, secondary rents have stayed ahead of inflation since 1981 while prime rents have only managed to do so for the past six months. They comment: "The better performance of secondary shops in a recession is the opposite of what many people would expect. It is argued that sales in the best trading positions are less vulnerable to fluctuations than more peripberal locations. On the evidence of the past five years, this sppears not to be so; if anything tha reverse applies."

According to the 25th indicator poll, the national picture shows both prime and secondary shop rentals moving significantly upwards. In the office market, the overall situation reflects fairly static rentals. Fewer respondents say rents in the City of London are now on the increase but there is evidence thst West End rentals are at last beginning to move. At the time of the March poll, only 11 per cent of respondents thought office rents in the West End were increasing but now the figure has moved up to 56 per cent.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¼	AAR	.48	2.2	23	52	22¼	22¼	22¼	−⅛
22	13½	AMCA	n	1	63	5	15¼	15⅛	15¼	+⅛
18⅞	13¼	AMF	.80	3.1	149	240	16½	16⅜	16⅜	+⅛
41¼	24¼	AMR			4	5224	27¼	27	27¼	−⅛
20⅝	16	AMR	pf2.18	11.		32	19⅝	19½	19⅝	+⅛
41½	27½	AMR	pf2.13	7.2		261	30	29⅝	29½	−⅛
25½	22⅞	ANR	pf2.67	11.		62	24½	24⅛	24⅛	+⅛
18¼	8⅜	APL			4	4	10⅝	10⅝	10⅝	+⅛
55¼	40⅞	ARA	2.10	4.1	10	679	51½	50⅞	51½	+½
70¼	44¼	ASA	3a	5.5		707	55½	54	54⅛	−⅞
30¼	18⅞	AVX	.32	1.3	16	259	25⅝	25	25¼	−⅛
53⅞	38¼	AbtLab	1.20	2.6	15	1267	47¼	46⅜	46⅝	+⅛
34	23¼	AccoWd	.66	1.8	28	623	u35	33¼	34¼	+⅞
27¼	12½	AcmeC	.48	3.1		28	13¼	12⅞	12⅞	−⅛
12⅛	8⅛	AcmeE	.32b	3.3	15	x8	8⅝	8⅜	8⅝	−⅛
24⅞	11	AdmDg	.04	.2	8	49	17⅛	16¼	16¼	−1⅛
18¼	15	AdaEx	2.11e	13.		121	16¼	16⅛	16¼	+⅛
19⅝	11⅞	AdmMl	.20	1.3	16	21	16⅛	14⅞	15⅛	+⅛
22	13½	AdvSys	.81t	4.4	18	302	18⅝	18⅛	18⅝	+⅜
40⅝	25⅛	AMD			23	4381	u41	39½	41	+1½
17⅝	7⅞	Advest	.12	1.1		x45	10⅝	10½	10½	
20¼	9⅝	Aerflex			12	21	13⅛	12⅞	13⅛	
39	27¼	AetnLf	2.64	7.3	34	2309	36⅛	35⅞	36¼	
58¼	54	AetL	pf5.48e	9.7		10	56¼	56¼	56¼	+⅛
34½	15¼	Ahmns	1.20	5.7	5	1867	21¼	20⅞	21⅛	+⅞
8⅝	2⅝	Aileen				63	3⅛	3	3⅛	+⅛
51	36½	AirPrd	1	2.1	11	490	48	47½	47⅝	−⅛
30⅝	13	AirbFrt	.60	3.8	8	279	16⅞	16⅛	16⅜	+⅛
3⅞	1¼	AlMoa	s.50e	14.		56	3⅝	3½	3⅝	
31½	28¼	AlaP	pfA3.92	14.		3	29	29	29	+⅛
7⅛	6	AlaP	dpf.87	13.		4	6⅞	6⅝	6⅞	−⅛
74¼	63½	AlaP	pf9.44	14.		z100	69½	69½	69½	−½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A-A-A · B-B-B · C-C-C · D-D-D · E-E-E · F-F-F · G-G-G · H-H-H · I-I-I · J-J-J · K-K-K · L-L-L · M-M-M · N-N-N · O-O-O · P-Q

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هكذا اصل الأصل

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
4⅛	3⅝	ADI	n		13	193	u4⅞	4⅝	4¾	+⅛
3¼	1⅛	AICPh				1	1½	1½	1½	
15¾	9⅛	ALLab	n		11	2	10⅞	10⅝	10⅞	-⅛
13	12⅛	AMC	p.12e	.9	12	194	u13½	12⅝	13½	+⅛
6⅜	2⅞	vjAMIn				152	3⅛	2⅞	3⅛	
3½	¼	ATI				26	1⅛	1	1⅛	+⅛
68½	58	ATTFd	n3.68e	5.5		166	67⅞	67½	67⅞	
7⅜	2⅛	AcmePr				6	3⅜	3	3⅜	
17⅛	10½	AcmeU	.32	2.6	11	16	11⅞	11¼	11¼	-⅛
16⅜	9⅝	Action			9	494	14⅞	13¾	14⅛	-¼
9¼	5⅜	Actons				65	6⅝	6¼	6½	+¼
4¼	11-16	Actn	wt			1	⅞	⅞	⅞	
5⅞	2¼	AdmRs			4	15	2⅞	2⅝	2⅞	+¼
27	15⅞	AdRusl	s.10	.4	19	49	22½	22¼	22¼	-⅛
27⅜	15	Adobe	.24	1.3	13	269	19	18⅝	19	+⅛
6⅛	3⅞	Aegis			14	23	4⅛	4¼	4¼	
7⅛	4	Aeronc			8	420	7	6⅞	6⅞	
27¼	16⅞	AfilHsp	.44	2.0	9	13	22⅞	22½	22½	
47	35⅞	AfilPub	.80	1.7	15	17	u47¼	46¾	47¼	+¼
9⅝	5⅞	AirExp			31	34	8½	6½	6⅝	-⅛
5⅞	3⅞	Alarmco			2	3	3⅞	3⅞	3⅞	+⅛
17⅜	8⅛	AlbaW	.20e	2.4	6	24	8⅝	8½	8½	
8¼	5⅜	Aloha	.48r	6.8	2	10	7⅛	7¼	7¼	-⅛
22⅞	12¼	Alphain	.05	.3	22	47	16⅞	16	16	
2¼	¼	Altex				37	⅞	¾	⅞	+⅛
27⅞	11	AlzaCp			57	521	17½	16⅞	17⅛	+½
20½	9½	Amdahl	.20	1.6	16	1065	12⅝	12½	12½	-⅛
20⅝	7⅞	Amedco	.20	8	12	75	10¼	10¼	19⅝	
6¼	4⅞	AmBilt	.15	2.6	5	2	6¼	6⅛	5⅞	+⅛
39¼	12¼	AExp	wt			94	20⅝	20½	20⅝	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 20

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	16⅞	Wynns	.60	5.4	9	43	17⅝	17½	17⅝	+⅛

X–Y–Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅞	33¾	Xerox	5	7.5	11	1773	39⅞	39¼	39⅞	+⅛
31¼	45¼	Xerox	pf5.45	11		173	50	49½	49⅞	
37	16	XTRA		2.5	9	352	25½	25	25½	-⅛
34	24	ZaleCp	1.32	4.7	10	15	28	28	28	
24½	15¼	Zapata	.84	4.2	14	1791	20⅛	19¼	20	+⅛
48	28¾	Zayre	.40b	.9	13	450	45½	43¾	45⅜	+⅛
38⅞	20	ZenithE			18	4130	25⅞	20	25	+¼
27⅞	16	Zero	s.38	1.4	19	54	25⅞	25	25¼	
34	21¼	Zurnin	1.32	4.9	14	32	27⅛	26¾	26¾	-¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Aug. 25	Price Sch%	+ or −
Creditanstalt	207	......
Goesser	325	+1
Interunfall	400	......
Laenderbank	206	−1
Perlmooser	347	......
Steyr-Daimler	140	......
Veitscher Mag	210	......

BELGIUM/LUXEMBOURG

Aug. 25	Price Frs.	+ or −
ARBED	1,630	......
Banq Int A Lux	5,250	+25
Bekaert B	4,205	+5
Ciment CBR	2,550	+50
Cockerill	266	−4
Delhaize	5,700	+200
EBES	2,750	+15
Electrobel	7,640	+110
Fabrique Nat	2,085	−65
GB Inno BM	3,260	+15
GBL (Brux)	2,370	+5
Gevaert	5,560	+160
Hoboken	5,550	−10
Intercom	2,090	+30
Kredietbank	6,780	......
Pan Hldgs	9,350	......
Petrofina	7,370	......
Royale Belge	9,350	......
Soc. Gen. Banq	3,000	+50
Soc. Gen. Belge	1,870	−20
Sofina	7,020	+20
Solvay	4,100	+150
Traction el	4,000	+90
UCB	5,180	+20
Vieille Mont.	4,400	+50

DENMARK

Aug 23	Price Kr. %	+ or −
Aarhus Olie	460	......
Andelsbanken	253	......
Baltic Skand	720	−10
CopHandelsbank	281	+4
D. Sukkerfab	570	+5
Danske Bank	254	......
East Asiatic	108	+2
Forenede Bryg	960	......
Forenede Damp	108	......
GNT Hldg	525	......
I.S.S.B.	475	−10
Jyske Bank	805	......
Novo Ind.	2,525	......
Privatbanken	225	......
Provinsbanken	312	......
Smidth (F)	215	+5
Sophus Berend	1,025	+10
Superfos	501	+7

FRANCE

Aug. 23	Price Frs.	+ or −
Emprunt 4½% 1973	1,715	−8
Emprunt 7% 1973	9,180	+41
CNE 3%	3,546	......
Air Liquide	626	+5
BIC	418	−1
Bouygues	560	−19
BSN Gervais	2,619	−5
CIT-Alcatel	1,082	−8
Carrefour	1,530	+15
Club Mediter'n	976	+26
CFAO	590	−1
Cie Bancaire	545	+4
Colimeg	210	−3
Darty	961	+9
Dumez S.A.	657	+7
Eaux (Cie Gen)	537	+17
Elf-Aquitaine	231	+2
Gen. Occidentale	612	−3
Imetal	82.9	−1.1
Lafarge Coppee	327	−5
L'Oreal	2,450	+10
Legrand	1,885	+20
Maisons Phenix	197	−1
Matra S.A.	1,550	+45
Michelin B	786	−6
Midi (Cie)	1,655	−5
Moet-Hennessy	1,739	+7
Moulinex	130.5	+1.1
Nord Est	46	+0.5
Pernod Ricard	800	−4
Perrier	482	−2.5
Petroles Fra.	230	−2
Peugeot S.A.	207	−1.9
Poclain	43.5	−0.5
Printemps Au	148	+0.5
Radiotech	240	−1
Redoute	1,075	−4
Roussel-Uclaf	1,248	−5
Sefimeg	242	......
Skis Rossignol	1,465	+15
Telemech Elect	1,720	+30
Thomson (CSF)	517	+1
Valeo	221	−3

GERMANY

Aug. 23	Price Dm.	+ or −
AEG-Telef.	90.6	−1.4
Allianz Vers	845	−3
BASF	151	−4.5
Bayer	155.2	−4.4
Bayer-Hypo	261	−1.5
Bayer-Verein	304	−5
BHF-Bank	256.5	−2.5
BMW	390	−3.5
Brown Boveri	195	+0.5
Commerzbank	147	−2
Cont'l. Gummi	117.5	......
Daimler-Benz	546	−4
Degussa	342	+17
D'sche Babcock	147	−2
Deutsche Bank	330.5	−4.5
Dresdner Bank	151	−1
GHH	136.2	−3
Hochtief	500xd	−5
Hoechst	155	−5.2
Hoesch Werke	92.8	−0.2
Holzmann (P)	415	−8
Horten	163	−2
Kali und Salz	214	−1
Karstadt	252	−7.8
Kaufhof	206	−2
KHD	222.5	−1.5
Kloeckner	55.1	−0.6
Krupp	75	−0.5
Linde	346.5	−6.5
Lufthansa	157	+1
MAN	142	−2.5
Mannesmann	140.5	−1
Mercedes Hld.	480	−3.5
Metallgesell	208	......
Muench Rueck	1010	−25
Preussag	251	−2
Rhein West Elect	159	−2
Rosenthal	231	......
Schering	353	−0.5
Siemens	396	−3.7
Thyssen	73	−2.5
Varta	162	......
Veba	170.2	−1.8
V.E.W.	118.5	−1.3
Verein-West	291	......
Volkswagen	177	−1

ITALY

Aug. 23	Price Lira	+ or −
Banca Com'le	17,110	−10
Bastogi-IRBS	159	+1
Centrale	2,130	−35
Credito Varesino	4,110	−15
Fiat	4,625	+5
Finsider	37.75	......
Generali Assicur	34,950	+250
Invest	2,871	......
Italcementi	48,990	......
Montedison	1,249	+27
Olivetti	5,966	−95
Pirelli Co	5,130	−30
Pirelli Spa	1,925	−6
Snia BPD	1,871	+18
Toro Assic.	12,120	+225
do. Pref	2,299	+101

NETHERLANDS

Aug. 23	Price Fls	+ or −
ACF Holding	187	+2
AEGON	122	+0.5
Ahold	191.2	+0.2
AKZO	23.3	+1.6
ABN	300	......
AMEV	161	+2.7
AMRO	56.2	+0.9
Bredero Cert.	186	−1
Bos Kalis Westm.	26.5	+0.2
Buehrmann-Tet.	69	−0.2
Calland Hldgs.	34	−0.5
Credit Lyon'is Bk	47.4	+0.4
Elsevier-NDU	94.5	−0.6
Gist Brocades	161.5	+2.7
Heineken	142.8	+2.5
Hoogovens	66.3	+0.6
Hunter Douglas	30.3	+0.1
Int Mueller	35.2	......
KLM	178.3	+0.3
Naarden	40.4	+0.1
Nat Ned Cert	222.5	+1.5
Ned. Credit Bank	40	......
Ned Mid Bank	135	−1.5
Nedlloyd	125	+11.2
Oce Grinten	242.2	+0.8
Ommeren (Van)	28.5	+0.7
Pakhoed	64.5	−0.8
Philips	50.1	+0.5
Rijn-Schelde	3.1	−0.2
Robeco	65.5	+0.3
Rodamco	131.4	−0.3
Rolinco	62.8	−0.4
Rorento	204	−0.3
Royal Dutch	163.4	−0.5
Unilever	262.7	−0.8
VMF Stork	128	+1.7
VNU	152.5	−2.7
West Utr Bank	86	+2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Aug 25	Price Kroner	+ or −
Bergens Bank	152	−1
Borregaard	297	−3
Christiania Bank	151	−2.5
DenNorske Cred	152	−1
Elkem	134	−1.5
Norsk Data	345	−2
Norsk Hydro	623.5	−18.5
Storebrand	210	−2

SPAIN

Aug 25	Price Pta %	+ or −
Bco Bilbao	349	......
Bco Central	355	......
Bco Exterior	902	......
Bco Hispano	240	−4
Bco Santander	329	−2
Bco Vizcaya	394	−1
Dragados	165	−4
Hidrola	65.7	−0.8
Iberduero	72.7	+0.2
Petroleos	152.5	+2
Telefonica	93.7	+0.2

SWEDEN

Aug 23	Price Kronor	+ or −
AGA	385	+5
Alfa-Laval	237	−3
ASEA (Free)	380	......
Astra (Free)	480	......
Atlas Copco	117	−3
Boliden (Free)	585	−8
Cardo (Free)	330	−5
Cellulosa	135	+1
Electrolux B	261	−1
Ericsson	378	−8
Esselte	312	......
Mo Och Domsjo	366	......
Pharmacia	217xc	−8
Saab Scania Free	550	......
Sandvik	415	+5
Skandia	570	......
Skan Enskilda	61.5	+0.5
SKF	192	+1
St Kopparberg	710	+10
Sven Handelsbn.	184	−1
Swedish Match	233	......
Volvo B (Free)	258	−1

SWITZERLAND

Aug. 23	Price Frs.	+ or −
Alusuisse	781	+5
Bank Leu	3,660	−16
Brown Boveri	1,385	−5
Ciba Geigy	2,450	+30
do. (Part Certs)	1,925	+5
Credit Suisse	2,140	−5
Elektrowatt	2,440	−15
Fischer (Geo.)	625	−5
Genevoise	3,500	......
Hoff-Roche PtCts	95,750	−250
Hoff-Roche 1/10	9,525	−75
Jacobs Suchard	6,300	+30
Jelmoli	1,850	−10
Landis & Gyr	1,440	......
Nestle	5,410	−30
Oer-Buehrle	1,265	−5
Pirelli	251	−1
Sandoz (Br)	7,100	−50
Sandoz (PtCts)	1,135	−5
Schindler (PtCts)	680	......
Swissair	295	−1
Swiss Bank	328	−2
Swiss Reinsce.	7,320	−10
Swiss Volksbk	1,370	+5
Union Bank	3,350	......
Winterthur	2,910	−50
Zurich Ins.	17,100	......

AUSTRALIA

Aug. 25	Price Aust $	+ or −
ANZ Group	4.95	−0.05
Acrow Aust	1.55	......
Alliance Oil Dev.	0.24	......
Ampol Pet.	1.75	−0.05
Aust Cons Ind.	1.9	......
Aust. Guarantee	2.25	......
Aust. Nat. Inds	2.35	......
Aust. Paper	2.3	−0.05
Bell Group	4.46	+0.05
Bond Corp Hldgs	1.35	......
Boral	3.68	−0.02
Bougainville	1.78	−0.02
Brambles Inds.	3.1	−0.06
Bridge Oil	2.9	−0.1
B.H. Prop.	10.85	......
CRA	5.56	−0.1
CSR	3.38	−0.08
Carlton Utd.	4.30	......
Castlemaine Tys.	4.45	−0.05
Coles (G.J.)	3.2	−0.05
Comalco "A"	2.5	−0.05
Consolidated Pet	0.62	......
Costain Aust	1.79	......
Dunlop Aust.	1.76	−0.02
E.Z. Inds.	8.26	−0.12
Elders IXL	4.05	......
Energy Res.	1.62	−0.02

AUSTRALIA (continued)

Aug. 25	Price Aust. $	+ or −
Gen Prop Trust	2.22	+0.02
Hordie (James)	5.4	......
Hertogen Energy	9.5	......
Herald W'yTimes	3.8	+0.05
ICI Aust.	2.18	+0.03
Jimberlana F.P.	0.32	......
Kia Ora Gold	0.13	−0.01
Lend Lease	5.8	−0.06
MIM	3.05	−0.08
Mayne Nickless	2.85	......
Meekatharra	0.9	−0.11
Myer Emporium	1.9	−0.02
Nat. Com. Bk	3.4	−0.05
News	10.95	−0.05
Nicholas Kiwi	4.11	−0.04
North Bkn Hill	9.99	−0.80
Oakbridge	0.90	......
Otter Expl.	0.54	+0.04
Pancont'l	1.25	−0.05
Pioneer Conc.	1.59	......
Queensland Coal	1.2	......
Reckitt & Coln.	3	+0.05
Repco	1.14	−0.01
Santos	6.66	+0.1
Smith (Howard)	3.83	−0.07
Southland Min'g.	0.3	......
Spargos Expl	0.5	−0.05
Thos. Nat'wide	1.21	+0.05
Tooth	5.60	......
Vamgas	5.9	+0.25
Western Mining	5.5	−0.05
Westpac Bank	3.92	−0.03
Woodside Petrol.	1.25	−0.02
Woolworths	2.65	+0.05
Wormald Intl.	2.95	......

HONG KONG

Aug. 23	Price H.K.$	+ or −
Bank East Asia	12.6	−0.2
Cheung Kong	7.2	−0.25
China Light	12.4	−0.1
Hang Lung Devel	2.2	......
Hang Seng Bank	32	−0.75
HK Electric	5.65	−0.1
HK Kowloon Wh.	3.3	−0.07
HK Land	2.72	−0.05
HK Shanghai Bk.	5.2	−0.1
HK Telephone	45.75	−1.5
Hutchison Wpa.	10.2	−0.5
Jardine Math.	7.85	−0.2
New World Dev.	2.6	−0.17
Orient O'seas	2.32	+0.02
Ocean Trust Bk.	2.80	......
SHK Props.	6.90	......
Swire Pac A	16.7	−0.4
Wheel'k Mard A.	3.12	−0.05
Wheel'k M'time.	1.9	......
World Int. Hldgs.	1.9	−0.01

JAPAN

Aug. 25	Price Yen	+ or −
Ajinomoto	1,250	−10
Alps Electric	9,220	−40
Amada	1,330	−30
Asahi Chem.	558	−3
Asahi Glass	771	+16
Bridgestone	584	+8
Canon	1,290	......
Casio Comp.	1,460	−30
Chugai Pharm.	985	+5
Citizen	695	+6
Daiei	665	+4
Dai Nippon Ptg.	285	−5
Daiwa House	520	+5
Ebara	323	−10
Eisai	1,200	+30
Fanuc	9,490	+10
Fuji Bank	910	+10
Fuji Film	1,770	−20
Fujisawa	1,050	−10
Fujitsu	1,320	+20
Green Cross	1,590	+10
Hasegawa	530	......
Heiwa Real Est.	556	−2
Hitachi	849	−9
Hitachi Credit	1,220	−20
Honda	1,550	−20
House Food	725	......
Hoya	2,240	−30
Itoh (C)	286	−3
Ito, Yokado	2,010	−60
Iwatsu	1,610	−20
JACCS	352	......
JAL	3,170	−30
Jusco	836	−9
Kajima	380	−3
Kao Soap	765	−10
Kashiyamo	611	−3
Kirin	562	+10
Kokuyo	980	−10
Komatsu	460	−1
Konishiroku	596	−4
Kubota	310	......
Kumagai	448	−4
Kyoto Ceramic	6,220	+110
Maeda Const.	472	−4
Makino Milling	1,460	−50
Makita	1,090	......
Marubeni	328	+4
Marudai	617	−2
Marui	1,130	......
MEI	1,570	−20
M'ta Elec Works	663	−3
M'bishi Bank	928	−2
M'bishi	566	+8
M'bishi Elec.	406	−1
M'bishi Estate	476	+2

JAPAN (continued)

Aug. 23	Price Yen	+ or −
MHI	240	−4
Mitsui Co	550	......
Mitsui Estate	561	+2
Mitsukoshi	357	+2
NGK Insulators	850	+5
Nihon Cement	200	−1
Nippon Denso	1,550	−40
Nippon Elect.	1,290	−10
Nippon Express	312	−3
Nippon Gakki	955	+10
Nippon Kokan	141	......
Nippon Oil	901	+1
Nippon Seiko	656	−4
Nippon Shimpan	530	−3
Nippon Steel	154	−2
Nippon Suisan	395	−1
NTV	11,950	+50
Nippon Yusen	219	−1
Nissan Motor	629	−13
Nisshin Flour	500	......
Nisshin Steel	180	−1
Nomura	705	−1
Olympus	1,140	−20
Orient Leasing	3,460	+20
Pioneer	2,640	−20
Renown	625	+2
Ricoh	975	−7
Sankyo	782	−8
Sanyo Elect.	518	−2
Sapporo	435	+25
Sekisui Prefab	585	−5
Seven-Eleven	8,780	−20
Sharp	1,110	......
Shimadzu	595	......
Shionogi	575	......
Shiseido	1,140	+30
Sony	5,380	−50
Stanley	905	−16
S'tmo Bank	945	−4
S'tomo Elect.	862	−12
S'tomo Marine	412	−4
S'tomo Metal	164	−2
Taihei Dengyo	462	......
Taisei Corp	203	−1
Taisho Pharm.	930	−10
Takeda	760	−5
TDK	6,810	−40
Teijin	578	+4
Teikoku Oil	660	+1
Tokyo Marine	805	+5
TBS	740	+1
Tokyo Elect Pwr.	1,850	+40
Tokyo Gas	153	......
Tokyo Sanyo	714	+4
Tokyo Style	718	......
Tokyu Corp	275	+2
Toppan Print	820	+8
Toray	412	+3
Toshiba Elect	420	−1
TOTO	599	−6
Toyo Seikan	829	−4
Toyota Motor	1,490	......
Victor	2,280	−70
Wacoal	785	−2
Yamaha	540	+4
Yamanouchi	1,560	−30
Yamazaki	680	+2
Yasuda Fire	297	−6
Yokogawa Bdge.	411	+5

SINGAPORE

Aug. 25	Price $	+ or −
Boustead Hldgs.	2.18	−0.05
Cold Storage	5.4	−0.04
DBS	7.86	−0.1
Fraser & Neave	8.7	......
Genting	6.55	+0.05
Haw Par. Bros.	3.15	−0.12
Inchcape Bhd.	2.88	−0.07
Keppel Shipyard	2.12	−0.02
Malay Banking	8.15	......
Malay Brews.	6.85	−0.05
Multi Purpose	1.13	−0.05
OCBC	2.8	−0.15
OUB	4.18	−0.08
Sime Darby	2.18	−0.05
Straits St'mship	1.43	−0.05
Straits Trdg.	5.4	−0.06
UOB	4.78	+0.02

SOUTH AFRICA

Aug 23	Price Rand	+ or −
Abercom	1.55	+0.05
AE&CI	8.0	+0.16
Anglo Am Coal	36.5	+1
Anglo Am Corp.	23.3	+0.35
Anglo Am Gold	157	−2.5
Barclays Bank	15.75	......
Barlow Rand	11.95	+0.15
Buffels	80	+3
CNA Gallo	2.10	......
Currie Finance	3.6	+0.05
De Beers	8.65	−0.15
Driefontein	40.75	+0.75
FS Geduld	52	......
Gold Fields SA	23.8	+0.25
Highveld Steel	4.8	−0.1
Hedbank	11.65	+0.10
OK Bazaars	14.5	......
Protea Hldgs	1.65	−0.05
Rembrandt	27	......
Rennies	14.25	−0.25
Rust Plat	14.8	......
Sage Hldgs	7.1	......
SABrews	6.55	+0.15
Smith (CG)	18.5	......
Tongaat Hulett	8.5	......
Unisec	5.	......

OVER-THE-COUNTER *Nasdaq national market, closing prices*

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Beales (J.)	83	+4
Hepworth (J.)	278	+8
Highgate & Job	115	+25
Home Charm	158	+4
House of Fraser	176	+8
Kwahu	21	+3
Rowntree Mack.	329	+8
Smith (W.H.) A	144	+8
Standard & Chart.	487	+9
Tate & Lyle	383	+11
Ultramar	243	+8
Ennex Int.	34	+4

FALLS

Ex 12¼pc 1990	£101¾	−£¾
Ex 12pc 1999/02	£106¼	−£¾
Bass	383	−7
Blue Circle	390	−8
Dickie (J.)	23	−7
Exco Intl.	469	−23
Grand Met.	296	−8
Lucas Inds.	181	−6
Midland Bank	328	−7
Olives Paper	31	−2
Pilkington Bros.	263	−7
Scot. & Newcastle	110	−5
Eglinton Oil & Gas	93	−10

Continued on Page 30

CANADA

TORONTO
Closing prices August 23

MONTREAL
Closing prices August 23

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 21

MARKET REPORT

Prospect of dock strike unsettles markets but fails to worry investors

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10
Sept 3	Sept 13	Sept 14	Sept 24

* "New-time" dealings may take place from 9.30 am two business days earlier.

The prospect of Britain's second national dock strike within a month unsettled London stock markets but at the same time appeared not to unduly worry investors. Little nervous selling developed and by the end of yet another quiet trading session yesterday some dealers reported having sold stock on balance.

Less favourable U.S. market trends—long bonds and equity values both reacted after the recent good advance—also made for a more cautious investment approach. London jobbers defensively marked values down at the opening in order to deter potential sellers and the ploy was generally successful.

Cheap buyers began to operate, once again on behalf of small private clients, but the ensuing rally was stopped short by early afternoon reports that Scottish dockworkers would strike from today in protest over British Steel's unloading of the "blacked" coal carrier Ostia.

As sterling weakened, the small losses in Government securities were extended to ½ and occasionally more. The exchange rate then became a major consideration and when it later recovered against the dollar, Gilts moved away from the lowest. Longer-dated issues finally settled around ¼ down on the day, but the movements in shorts were more marginal throughout.

Takeover speculation thrived in the absence of genuine investment business. Tate and Lyle, currently bidding for Brooke Bond, became the latest target and rose sharply on strong rumours that Dalgety was about to launch an offer; Brooke Bond is hotly contesting Tate's offer. A few stocks known to be popular with U.S. investors also attracted support.

Down over 8 points at the first calculation of the day, the FT Industrial Ordinary share index slowly picked up during the afternoon to close a net 6.4 lower at 835.2. The broader-based FTSE 100-share index settled 9.1 off at 1,081.1.

Standard rally

Dull since reporting disappointing interim profits on Tuesday, Standard Chartered staged a technical recovery and closed 9 better at 467p, after 474p. Little of note occurred elsewhere in the banking sector. The clearers drifted lower for want of support with Midland sustained the biggest fall at 328p, down 7.

Renewed profit-taking in the wake of the half-year results left Pearl a further 10 down at 878p. Other Life issues followed with Equity and Law closing 5 off at 178p and Legal and General the same amount cheaper at 530p.

Jaguar were sold down to 170p, the lowest level since dealings began two weeks ago, before edging off the bottom to close 4 cheaper on balance at 171p. Among other recently-issued equities, U.S. oil exploration group Great Western Resources gained 15 to 210p, after 230p, following confirmation of a favourable drilling report in the D.J. Basin, Wyoming.

The chairman of Scottish and Newcastle gloomy remarks at yesterday's annual meeting, particularly his admission that the beer market had been surprisingly irresponsive to another good summer, depressed the Brewery sector. S. and N. dropped to 109p before closing 5 down on balance at 110p, while Bass relinquished 7 to 383p, after 380p, and Allied 3 to 157p. Wolverhampton and Dudley lost 4 at 240p and Grand Metropolitan declined 6 to 298p, after 292p. Elsewhere, Distillers softened a couple of pence to 300p, after 297p, on light profit-taking following the withdrawal of recent speculative support.

Leading Building issues turned easier in the face of small persistent selling. Sentiment was not helped by uninspiring results from cement group Blue Circle which dipped to 385p prior to closing a net 8 down at 390p. Rugby Portland Cement softened 2 to 110p, while Redland lost 4 to 275p and RMC a similar amount to 376p. Costain came on offer and fell 6 to 286p and Barratt Developments shed 4 to 94p.

ICI, marked down to 598p at the outset, picked up on arbitrage business to close just 2 cheaper on balance at 604p. Among other Chemicals, Yorkshire shed 3 to 41p, after 40p, following the poor interim results, but William Ransom firmed 6 to 220p in a restricted market on the chairman's confident annual statement.

House of Fraser rise

Stores were featured by another speculative rise in House of Fraser, 8 better at 276p. W. H. Smith A, at 144p, closed a similar amount higher following comment on the impressive interim figures. Sumrie Clothes hardened a couple of pence more to 85p, after 88p, after speculative buying in the wake of the board changes. Reflecting a broker's recommendation, Home Charm put on 4 at 156p, while improvements of 4 and 6 respectively were recorded in Austin Reed "A," 98p, and J. Hepworth, 278p. NSS Newsagents gave up 4 more at 114p as bid hopes faded following W. H. Smith's admission that it would not bid for another newsagent chain after abandoning earlier this year its offer for Martin the Newsagent. Freemans, at 112p, lost 6 of its recent Press-inspired rise.

Leading Electricals drifted lower in the absence of support. GEC, down 4 at 204p, failed to benefit from the joint contract for the Docklands light rail system. Dale Electronic, reflecting disappointment with annual results, fell sharply to close 9 cheaper at 78p. Occasional losses elsewhere included Atlantic Computer, 10 off at 280p, and Crystalate, 8 cheaper at 245p.

Apart from a relatively lively trade in GKN, up 4 at 172p on anticipations of U.S. support, leading Engineers traded on an extremely quiet note. Elsewhere, movements in response to trading statements provided most of the day's features. James Dickie dipped 7 to 23p on the heavier interim loss, while APV, reflecting lower half-year profits, fell 8 to 232p. Meggitt ended 3 lower at 46p following the first-half figures, acquisition news and proposed rights issue.

Takeover situations, both actual and rumoured, continued to provide most of the interest in Foods. Tate and Lyle were the subject of considerable speculative activity on rumours that Dalgety are contemplating a bid and the former soared to 390p prior to closing a net 11 up at 383p. Dalgety closed 2 cheaper at 404p, after 400p. Brooke Bond, in receipt of an offer from Tate and Lyle, moved between extremes of 108p and 111p before closing without alteration at 110p. Old takeover favourite Rowntree Mackintosh drew fresh support and firmed 6 to 320p. Cadbury Schweppes, under selling pressure late on Wednesday, responded to the satisfactory preliminary results by improving a couple of pence to 132p. However, by the close the price had reverted to the overnight 130p.

Among Hotels and Caterers, Queens Moat Houses revealed good interim profits and the price hardened to 45p prior to closing a shade dearer at 44½p.

Highgate and Job up

Included easier initially, most leading miscellaneous industrials picked up to close only a few pence lower on the day. Metal Box, a recent U.S. favourite, settled a couple of pence lower at 352p, after 348p, while Glaxo closed 5 off at 955p. Pilkington, however, were noteworthy for a loss of 7 at 263p. Elsewhere, Highgate and Job featured with a further rise of 25 to 115p in further response to Ramsdell Trading's 25.6 per cent stake in the company. Associated British Ports, unsettled by the prospect of a national dock strike, closed 3 lower at 190p, after 188p. UKO International were a relatively lively market and touched 98p before closing 3 firmer at 96p. Rank Organisation, the previous day's speculative favourite, ran back 6 to 250p on profit-taking. Other dull spots included AGB Research, 10 off at 306p, and Applied Computer Techniques, a similar amount down at 235p.

Among Motor Components, Lucas Industries came on offer and dropped 6 to 181p. Aerospace Engineering cheapened a penny more for a two-day fall of 6 at 40p on further consideration of the poor preliminary results. Dunlop gave up 2 to 40p.

Against the quietly firm trend in Paper/Printings, Olives Paper Mill declined 2 to 31p, after 29p, on the omission of the interim dividend and first-half deficit. Jefferson Smurfit, firmed 7 to 141p and More O'Ferrall gained 5 at 82p.

The threat of another dock strike made scant impression on the Shipping sector. Ocean Transport cheapened a few pence to 111p but P & O Deferred improved 4 to 312p.

In common with many other market leaders, Courtaulds were marked lower at the outset and closed 3 off at 119p. Elsewhere in Textiles, John Beales advanced 4 to 82p in response to the good annual results.

Imps softened a penny more for a two-day decline of 6 at 155p, sentiment still soured by an unfavourable circular from Scrimgeour Kemp-Gee.

Profit-taking in the wake of the excellent interim figures left Exco 23 down at 460p. Among other Financial Trusts, Kwahn attracted speculative support and rose 3 at 21p. Elsewhere, London Prudential touched 243p before closing 4 higher at 236p following the bid from Kleinwort Benson, 10 lower at 360p.

Oils mixed

Beneficiaries recently of the healthier outlook for spot crude prices and also increased takeover speculation, Oils gave ground at the outset, but subsequently staged a rally with the momentum gathering late. American buyers reappeared after-hours and the leaders finished narrowly mixed. Shell were finally a couple of pence cheaper at 638p, after 633p, and British Petroleum 5 off at 485p, after 483p. Ultramar remained a firm market and rose 6 to 248p, but LASMO slipped 3 to 305p and Britoil shed a like amount to 237p. Much of the steam went out of the Carless Capel/Premier Consolidated bid situation. Premier hovered around the overnight level of 72p while Carless added 3 at 218p, which currently values Premier at 72.67p per share. Among Irish stocks, Eglington fell 10 to 93p reflecting the company's cautious stance on its Colombian drilling operations. Bryson shed 10 for a three-day fall of 58 to 330p. Elsewhere, Australian oil exploration group Santos firmed 6 to 432p following the latest Cooper Basin drilling report.

South African industrials provided an isolated dull spot in Messina, 25 down at 170p.

Golds quietly firm

South African Golds opened on a firm note reflecting bullion's impressive overnight performance on Wall Street. London proved less enthusiastic, however, and with dealers again expressing disappointment over the paucity of follow-through demand, the share prices drifted off from best levels.

The lack of a decided trend from the Cape and sporadic profit-taking from Swiss operators combined to further inhibit buying interest and, although a minor rise developed behind late U.S. support, gains were usually restricted to around a point. The FT Gold Mines index posted a gain of 8.2 at 578.4.

London bullion opened a couple of dollars below the U.S. close but was still firmly established above the psychologically-important $350 per ounce level and closed $6.75 up on balance at $352.25 per ounce.

Among leading heavyweights, Kloof rose 1½ to £35 and similar rises were noted in Vaal Reefs, £81⅞, President Brand, £29¾, and Western Deep, £37. More marginal issues showed Stilfontein 38 better at 964p, while gains of 19 were common to Grootvlei, 754p, and West Rand, 458p.

London Financials were quietly irregular in the absence of any real lead from base-metal markets. RTZ dipped 6 more to 547p, but Charter attracted small buyers and hardened a couple of pence to 242p.

De Beers remained friendless in the wake of Tuesday's interim dividend standstill and closed 8 off at 424p for a three-day decline of 29.

Relatively buoyant earlier in the week following satisfaction with domestic budget proposals, leading Australian base-metal stocks encountered steady selling as investors took heed of Wall Street's overnight reaction. London operators were reluctant to commit funds and prices consequently closed at the day's lowest. CRA fell 10 to 365p, with sentiment further unsettled by poor interim figures from Bougainville, 3 off at 114p. Western Mining, 233p, and Peko-Wallsend, 328p, gave up 4 apiece.

Initially firm behind U.S. and Hong Kong bullion prices, golds lacked support and closed a few pence easier on balance. North Broken Hill gave up 6 at 145p and EZ Industries 8 at 406p. North Kalgurli remained at 43p despite the impressive profits recovery and a near-50 per cent increase in gold production.

Ennex rose 4 to 34p following Press comment highlighting its Northern Irish gold prospect.

Demand for Traded Options held up well despite the uninspiring performance of the underlying securities. Total contracts struck amounted to 3,144 comprising 1,858 calls and 1,286 puts. The FTSE 100 accounted for 296 calls and 415 puts. Jaguar continued to vindicate its early introduction to option trading, attracting 310 calls with attention switching to the September 180's which accounted for 190 trades, and 128 puts.

FINANCIAL TIMES STOCK INDICES

	Aug. 23	Aug. 22	Aug. 21	Aug. 20	Aug. 17	Aug. 16	Year ago
Government Secs	79.89	80.17	80.15	79.80	79.95	80.17	78.71
Fixed Interest	83.29	83.45	83.34	83.19	83.24	83.01	82.51
Industrial Ord.	835.2	841.6	832.9	835.2	838.3	834.1	717.4
Gold Mines	578.4	570.2	562.6	575.8	578.8	561.6	672.5
Ord. Div. Yield	4.91	4.88	4.91	4.95	4.92	4.95	4.71
Earnings, Yld.% (full)	11.56	11.49	11.56	11.65	11.68	11.65	9.54
P/E Ratio (net) (*)	10.40	10.46	10.40	10.32	10.38	10.32	10.06
Total bargains (Est.)	17,984	17,625	16,822	17,920	17,724	17,713	18,701
Equity turnover £m.	—	247.11	196.74	173.95	222.87	234.36	174.59
Equity bargains	—	16,027	14,680	13,740	14,207	16,009	15,142
Shares traded (ml)	—	102.8	114.5	111.5	126.8	138.8	114.2

10 am 833.5. 11 am 833.7. Noon 833.5. 1 pm 834.1. 2 pm 834.6. 3 pm 834.5.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/5. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=6.95.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3)	80.45 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	922.8 (3/5)	700.3 (23/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (9/3)	465.7 (1/8)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 22	Aug. 21
Daily Gilt Edged Bargains	102.0	136.9
Equities Bargains	100.5	94.0
Value	499.3	397.7
5-day Average Gilt Edged Bargains	145.4	147.2
Equities Bargains	94.7	96.6
Value	435.4	443.0

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs Aug 23 1984 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Aug 22 Index No.	Tues Aug 21 Index No.	Mon Aug 20 Index No.	Fri Aug 17 Index No.	Year ago (approx.) Index No.
1–64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	534.16	−0.9	—	5.81	—	539.15	546.51	559.37	554.67	487.24
66	Insurance (Composite) (8)	280.67	−0.5	—	6.55	—	282.01	282.37	276.95	276.13	235.88
67	Insurance (Brokers) (6)	848.35	−0.7	8.76	3.98	16.00	854.43	844.10	827.09	825.26	554.44
68	Merchant Banks (12)	202.12	−0.8	—	5.87	—	203.76	202.82	203.42	203.99	204.96
69	Property (53)	587.79	−0.4	5.52	3.64	24.48	589.98	586.59	586.68	586.66	459.00
70	Other Financial (19)	245.32	−0.5	11.31	5.62	10.88	246.67	246.48	249.91	250.46	241.63
71	Investment Trusts (104)	509.95	−0.3	—	3.78	—	511.62	507.66	508.10	507.91	448.82
81	Mining Finance (4)	272.21	−0.5	10.32	5.51	12.43	273.70	275.67	279.15	280.99	325.87
91	Overseas Traders (14)	560.88	−1.2	10.32	6.91	12.00	567.96	561.51	560.17	560.42	495.85
99	ALL-SHARE INDEX (741)	510.12	−0.7	—	4.82	—	513.91	510.64	507.36	508.65	456.14

	Index No.	Day's Change	Day's High	Day's Low						
FT-SE 100 SHARE INDEX	1081.1	−9.1	1081.9	1079.7	—	1090.2	1082.4	1074.4	1078.8	0.0

FIXED INTEREST

	PRICE INDICES	Thurs Aug 23	Day's change %	Wed Aug 22	xd adj. today	xd adj. 1984 to date
	British Government					
1	5 years	116.12	−0.16	116.32	—	7.54
2	5–15 years	126.91	−0.36	127.36	—	9.36
3	Over 15 years	134.80	−0.26	135.15	—	9.83
4	Irredeemables	146.62	−0.60	147.52	—	7.27
5	All stocks	126.06	−0.28	126.41	—	8.75
6	Debentures & Loans	106.05	−0.33	106.40	—	6.70
7	Preference	76.31	—	76.31	—	3.78
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	101.42	−0.07	101.49	—	1.89

	AVERAGE GROSS REDEMPTION YIELDS		Thurs Aug 23	Wed Aug 22	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.13	11.06	10.11
2		15 years	10.69	10.65	10.59
3		25 years	10.21	10.18	10.20
4	Medium Coupons	5 years	11.85	11.75	11.81
5		15 years	11.10	11.05	11.30
6		25 years	10.44	10.40	10.66
7	High Coupons	5 years	11.86	11.74	11.89
8		15 years	11.26	11.22	11.49
9		25 years	10.54	10.51	10.73
10	Irredeemables†		10.16	10.09	10.08
11	Debs & Loans	5 years	12.48	12.44	12.42
12		15 years	12.33	12.28	12.32
13		25 years	12.18	12.12	12.25
14	Preference†		13.86	13.86	12.79
	BRITISH GOVERNMENT INDEX-LINKED STOCKS				
15	Inflation rate	5%	3.76	3.76	3.16
16		10%	3.57	3.56	2.97

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 30,428

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+or	Net div.	Times covered	Gross yield	P/E ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+or
[illegible]							

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price	+or
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. † Units comprising 8 Ord. £1 pcm 12 per cent Cnv.Uns.Ln. 95/2000.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (42)

AMERICANS (8)
American Express, Exxon, American Nat Res, Gillette, Bankers NY, Pacific Telesis, Cons Foods, Quaker Oats

CANADIANS (1)
Seagram

BANKS (1)
Cie Bancaire

CHEMICALS (1)
Ransom (William)

STORES (1)
Lincroft Kilgour

ELECTRICALS (1)
Godwin Warren

ENGINEERING (1)
Vickers

FOODS (4)
Meadow Farm Prods, Nichols (Vimto), Nabisco Brands, Safeway Stores

INDUSTRIALS (8)
Advance Services, IC Industries, Avon Rubber, Ropner, Continental Group, Sale Tilney, Hester, Stonehill

LEISURE (1)
SeaCo Inc

MOTORS (1)
Adams Gibbon

PAPER (2)
Bosse M Pollitt, Watmoughs

PROPERTY (4)
Apex Props, Int Inc Prop, Daejan, Land Lease

TRUSTS (4)
American Trust B, Camellia Invs, Cambrian Gen Cap, London Prudential

OILS (1)
Night Hawk Res

MINES (3)
Paringa Mining Expl, Ennex Inc, Southern Pacific

NEW LOWS (12)

BRITISH FUNDS (1)
Exch 12½pc 1990

BUILDINGS (1)
Heywood Williams

ELECTRICALS (1)
Resource Tech

ENGINEERING (2)
Lloyd (F. H.), Richards (Leicester)

INDUSTRIALS (3)
Bestobell, Utd Guarantee, Platon Int

NEWSPAPERS (1)
Assoc News

PROPERTY (2)
Raglan Prop, Townsgate Secs

SOUTH AFRICANS (1)
Messina

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Blue Circle	390	− 8
BP	485	− 5
Brooke Bond	116	—
Cadbury Schweppes	130	—
Dale Elect.	78	− 9
GKN	172	+ 4
House of Fraser	276	+ 8
ICI	604	− 2
Shell Transport	638	− 2
Standard Chartered	467	+ 9
Tate and Lyle	383	+11
Ultramar	248	+ 6

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Glaxo	16	960	+20
Pritchard Serv.	15	114	+ 7
BP	14	490	+17
NatWest Bank†	14	275pm	− 5
Legal and Gen.	13	535	−12
BTR	12	482	− 4
Powell Duffryn	12	320	+ 5
Beecham	11	340	+ 3
Brengreen	11	68½	+ 7½
Std. Chartered	11	458	−12
Brooke Bond	10	116	− 4
Barclays Bank	8	460	− 3
Chubb	2	261	− 4
Shell Transpt.	6	640	+15

† Nil paid.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug 20	Aug 31	Nov 22	Dec 3
Sept 10	Sept 21	Dec 6	Dec 17
Sept 24	Oct 5	Dec 20	Dec 31

For rate indications see end of Share Information Service.

Call options were taken out in Brengreen, Tate and Lyle, Eglinton Oil and Gas, Jaguar, Riley Leisure, Berkeley and Hay Hill, I. & J. Hyman, Brunswick, AIM, Hawley, Premier Oil, Atlantic Resources, Rowntree Mackintosh, John Brown, Pritchard Services, Burmah, House of Fraser, Tusker Resources, Equity and Law Life, Johnson and Firth Brown, Waterford Glass, Turner and Newall, Hutchison Whampoa, Distillers and Mid-East Minerals. No puts or doubles were reported.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	92	11
Corpns. Dom. and Foreign Bonds	1	30	47
Industrials	143	334	936
Financial and Prop.	70	715	340
Oils	33	27	63
Plantations	3	8	12
Mines	58	27	95
Others	45	62	136
Totals	364	690	1,639

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*485)	360	162	116	116	4	6	7
	420	72	60	87	0	16	14
	460	07	47	62	17	25	08
	500	10	82	60	07	47	56
	550	6	2	—	60	85	—
Cons Gold (*517)	450	85	80	86	0	[illegible]	[illegible]
	500	40	49	50	20	[illegible]	[illegible]
[illegible]							

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
LASMO (*306)	260	47	83	70	6½	16	15
	280	27	48	06	1	14	28
	300	10	34	48	0	82	88
	330	3	20	28	28	53	45
Lonrho	126	22	31	33	6¼	1½	2
[illegible]							

Aug. 23. Total Contracts 3,144. Calls 1,858. Puts 1,286.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100	99	Treas 12pc 1984	100	–	11.99	10.19
105	101	Treas. 13pc 1985	102	–	14.69	10.38
102	100	Exch. 12pc Cnv. '85	100	–	11.89	10.46
95	93	Treas 3pc 1985	94	–	3.16	10.41
102	99	Treas 11½pc 1985	100	–	11.41	10.46
99	96	Treas 8¼pcCnv '85	98	....	8.89	10.41
104	99	Exch. 12¼pc 1985	101	–	12.05	10.66
103	99	Exch. 11¾pc '86	101	–	11.62	10.88
102	96	Treas. 10pcCnv 1986	98	–	10.18	11.21
97	88	Treas 3pc 1986	90	–	3.31	8.89
102	96	Exch. 10½pc Cv '86	99	–	10.59	11.02
104	99	Treas 12pc 1986	101	–	11.87	11.24
98	93	Treas 8½pc 1984-86‡‡	95	–	8.88	11.04
108	102	Exch. 14pc 1986	104	–	13.37	11.42
87	85	Exch. 2½pc 1986	86	–	2.88	9.18
107	100	Exch. 13¼pc 1987	103	–	12.80	11.50
100	94½	Treas 10¼pcCv '87	97¼	–	10.54	11.11
86	83	Exch 2½pc 1987	85	–	2.94	9.26
101	94½	Exch. 10½pc 1987	97	–	10.78	11.66
92	87	Funding 6½pc '85-87‡‡	89	–	7.29	11.75
99	92	Treas. 10pc 1987	96	–	10.42	11.69
85	81	Treas 3pc 1987	83¼	–	7.58	9.56
105	97	Treas. 12pc 1987	100	–	11.91	11.66
94	87	Treas 7¾pc 1985-88‡‡	89	–	8.62	11.38
100	92	Exch 10½pc '88	96	–	10.91	11.75
98	89	Treas 9¼pc Cv '88	93	–	10.34	11.79
82	77	Transport 3pc '78-88	77	–	1.85	10.06
96	88	Treas. 9½pc '88	92	–	10.28	11.82
106	94	Treas 11½pc 1989	99	–	11.59	11.70
95	87	Treas 9½pc Cnv. '89	92	–	10.26	11.60
96	90	Treas 10½pc 1989	95	–	11.00	11.73

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل الأصل

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
		Central African					
200	150	Falcon 250c	170	.....	0100c	♦	34.3
17	10	Wankie Col 21t	12½	.....	—	—	—
21	14	Zam.Cpr.SBD0.24	15	.....	—	—	—
		Australians					
45	21	♥ACM 50c	26	–1	—	—	—
38	17	♥Allstate Expl'n. NL	37	.....	—	—	—
10½	4	♥Asia Oil & Minerals	4¼	.....	—	—	—
19	12	♥Aust. Hydrocarbons NL	17	.....	♦	—	—
28	17½	♥Australis Mng NL	20	–1	—	—	—
45	15	♥Balmoral Res	26	.....	—	—	—
36	18	♥Black Hill Mins	24	.....	—	—	—
104	72	♥Bond Corp	86	+2	Q10c	0.7	7.0
171	90	♥Bougainville Kina	114	–3	Q16.4c	1.2	9.4
406	276	♥CRA $2	365	–10	Q12c	1.5	2.1
86	44	♥Carr Boyd 20c	66	+2	—	—	—
40	25	♥Central Kalgoorlie	25	.....	—	—	—
30	20	♥Central Pacific	29	–1	—	—	—
4¼	2½	♥Cons Gld Mg Areas N.L.	3	.....	—	—	—
8½	4¼	♥Coopers Res. NL	8½	+½	—	—	—
26	8½	♥Cultus Pac NL	13¼	+¼	—	—	—
14½	7½	♥Eagle Corp 10c	9	.....	—	—	—
280	165	♥Emperor Mines	185	.....	—	—	—
16½	7½	♥Endeavour 20c	8¼	+¼	—	—	—
32	22	♥Enterprise Gld	22	–1	—	—	—
35	10	♥Forsayth Oil Gas	29	–1	—	—	—
265	355	♥GM Kalgoorlie 25c	520	.....	hQ10c	♦	1.5
24½	13	♥Great Eastern Mns.	16	.....	—	—	—
55	19	♥Great Victoria Gold	32	.....	—	—	—
22	8½	♥Haoma NW	11½	.....	—	—	—
40	21	♥Hill Minerals N.L.	25	+1	—	—	—
20	14	♥Intnl Mining	16	.....	—	—	—
10½	4½	♥Ivanhoe Gld NL	7	.....	—	—	—
42	31	♥Jingellic Mnls	40	.....	—	—	—
21	8	♥Kalbara Min 20c	11	–½	—	—	—
37	25	♥Keywest Invs	37	.....	Q0.5c	♦	0.9
12½	7½	♥Kia Ora Gold N.L.	9	.....	—	—	—
106	58	♥Kitchener NL 25c	98	+3	—	—	—
20	22	♥Meekatharra 25c	58	–4	—	—	—
50	21	♥Metals Ex 50c	34	.....	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

OPTIONS — 3-month call rates

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

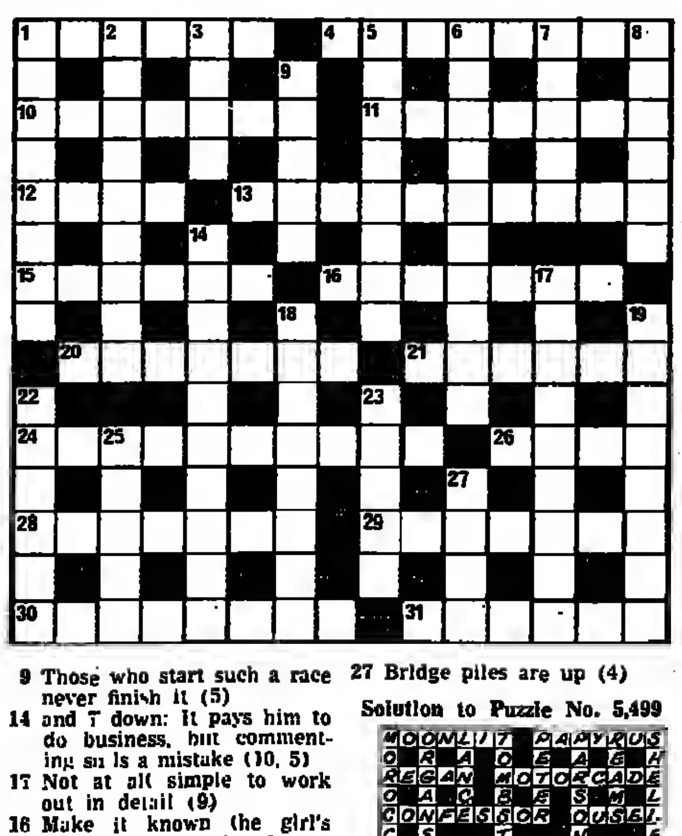
"Recent Issues" and "Rights" Page 25

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,500



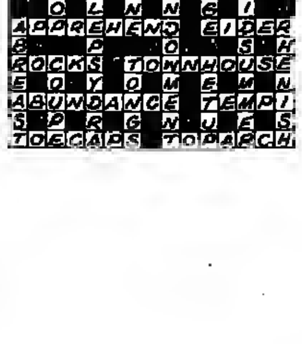
ACROSS

1 Money box of very poor quality? (3-3)
4 Cloth worker, one in a mess (8)
10 Type of window in the French upper room (7)
11 Initiator of enterprise needs one in support (7)
12 Call used in boxing? (4)
13 House-building team on site (10)
15 A tradesman is unfit to occupy a high position (6)
16 Dog-cart? (7)
20 Ends interim arrangements (7)
21 Where the batsman stands about in case (6)
24 Where they try to force soldiers to be good? (10)
26 Withdrawal of 101 meeting points (4)
28 Make no allowance in a speech (7)
29 I'm quietly confronting every single charge (7)
30 Held out longer? (8)
31 Absolutely denied involvement (6)

DOWN

1 Permit—strange to relate (8)
2 Mention it, perhaps, too late (3, 2, 4)
3 Neglect to ring a man up (4)
5 Disclosure made by a photographer (8)
6 Land and labour required for a foundation (10)
7 See 14 down
8 Revolutionary development in naval fire-power (6)
9 Those who start such a race never finish it (5)
14 and 7 down: It pays him to do business, but commenting so is a mistake (10, 5)
17 Not at all simple to work out in detail (9)
18 Make it known the girl's gained little weight (8)
19 Died—from hypothermia? (8)
22 Disregard one note and not another (6)
23 Make a move to be out of bed (5)
25 Expect a group of outstanding singers (5)
27 Bridge piles are up (4)

Solution to Puzzle No. 5,499



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec A	23.3	24.6	.....	—
Blue Chip	19.7	20.8	.....	—
Fixed Yield	18.7	19.7	.....	—
Guaranteed Mny	15.5	16.4	.....	—
Managed	18.4	19.4	.....	—
International	24.6	25.9	.....	—
Property	15.5	16.4	.....	—
Pacific	18.7	19.7	.....	—
Equity	24.8	25.6	.....	—
Special Sits	21.8	22.6	.....	—
Int Currency	13.3	14.1	.....	—
Index Linked Secs	10.6	11.2	.....	—
American	18.3	19.3	.....	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	14.17	.....	—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth August 6	£2.63792		.....	—
Multi Gwth 'A' Aug 6	242.2	255.1	.....	—
Op 0 Prop Aug 23	255.0	268.9	.....	—
Op B Equity Aug 23	315.0	379.5	+0.4	—
Op B Hy Aug 23	263.5	277.2	+3.4	—
Op B Man Aug 23	313.5	330.3	+2.9	—
Op B Dep Aug 23	195.4	205.7	+0.1	11.27
Op B Int Bond Aug 23	169.2	178.2	+7.1	—
Op B Inc Dist Aug 23	134.1	142.2	+0.8	8.90
Op B Int Man Aug 23	183.7	193.4	+4.7	—
Op 0 US$ Aug 23	138.2	145.5	+2.5	12.12
Pens B Pr Ac July 31	319.0	335.8	.....	—
Pens B Eq Ac July 31	784.6	825.9	.....	—
Pens B FI Ac July 31	356.5	373.3	.....	—
Pens B Md Ac July 31	504.4	531.0	.....	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	178.4	187.8	−0.6	—
UK Equity	187.5	197.4	−1.2	—
Overseas Eq.	179.5	189.0	+0.2	—
American	104.2	40.9	.....	—
Far East	168.8	177.7	+0.6	—
Property	110.3	116.2	.....	—
Fixed Int	154.8	163.0	−0.6	—
Indexed Gilt	97.0	102.2	.....	—
Deposit	111.3	117.2	.....	—
Pension Fund Prices				
Man. Initial	177.0	186.4	−0.5	—
Man Acc.	194.5	204.8	−0.4	—
UK Eq. Initial	174.3	181.5	−0.7	—
UK Eq.	188.8	198.8	−0.8	—
Overseas Eq. Initial	199.5	210.1	+0.6	—
Overseas Eq.	226.3	238.3	+0.7	—
American Initial	197.7	208.2	+0.1	—
American	215.0	226.4	+0.1	—
Far East Initial	210.3	221.4	+0.8	—
Far East	229.2	241.3	+0.8	—
Prop. Initial	105.5	111.1	.....	—
Prop.	114.7	120.8	.....	—
Fixed Int. Initial	138.4	145.7	−0.8	—
Fixed Int.	150.1	158.1	−0.7	—
Indexed Gilt Initial	91.9	96.8	.....	—
Indexed Gilt	100.0	105.3	.....	—
Deposit Initial	109.9	115.7	.....	—
Deposit	119.9	126.3	+0.1	—

NPI Pensions Management Ltd.

Managed Fund	451.5	467.1	.....	—

Prices Aug 1. Next dealing August 8.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key (Managed)	332.8	343.1	+0.6	—
UK Equity	146.1	153.8	+0.6	—
American	247.7	260.7	+2.2	—
Pacific	343.1	361.1	+2.3	—

OFFSHORE AND OVERSEAS

Gilt & Option Fd	£1.10	1.15	.....	3.00
US $ Option	50.88	0.93	.....	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.40	+0.02	—

Inv. Adv.: M. & G. Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Cmt. Fund	14.9	15.6	.....	3.10
Chinese Fund	59.7	62.2	.....	1.70
Precious Metal Fund	121.6	128.7	.....	0.30
Vanguard Cmdy. Fd.	26.9	27.6	.....	2.26
Financial Futures Fd.	52.6	54.3	.....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	34.54	−0.01	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd				
36 Berkeley Sq, W1X 5DA. 01-499 6634				
M'hall Mny Fd	10.76	11.22	Qtr	Call
The Money Market Trust				
03 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	10.88	11.24	.....	Call
7-day Fnd	11.16	11.54	.....	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	10.71	10.99	6-mth	Call
7-day Fund	10.77	11.05	6-mth	7-day
Money Mngt. Acct.	10.56	10.94	3-mth	Call
Dollar	10.50	10.77	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.373	10.78	Qtr	Call
Monthly Acc	10.25	10.74	Mthl	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	10.00	10.47	Mthl	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	10.00	10.38	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	10.00	10.47	Mthl	Call
Charterhouse Japhet plc				
3 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	10.50	11.02	Mth	Call
U.S. Dollar	11.00	11.73	Mth	Call
German Marks	4.73	4.92	Mth	Call
Swiss Francs	1.00	1.019	Mth	Call
Japanese Yen	5.00	5.19	Mth	Call
Choulartons				
30 Ashley Rd, Altrincham, Cheshire, WA1 20W 061-928 9011				
Cheque Acc.	11.00	11.57	Mthl	Call
Co-operative Bank				
78-80 Cornhill EC3 01-620 6543 Ex 464				
Cheque & Save	8.50	8.77	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc	10.23	10.60	Qtr	Call
Lombard North Central PLC				
17 Bruton St, W1A 3DH. 01-409 3434				
Notice Dep	11.00	11.30	Rate	14-day
M & G/Kleinwort Benson				
91-99 New London Rd, Chelmsford. 0245 51651				
High Int Cheque Acc.	10.30	10.85	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.00	10.38	Qtr	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0700 66966				
High Int. Std. Acc.	9.98	10.50	Daily	Call
Premier Acc.	9.98	10.50	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	10.31	10.72	Qtr	Call
Money Acc.	10.25	10.64	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	10.50	11.02	Mth	Call
Over £10,000	10.75	11.39	Mth	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualized rates of NAV increase.

COMMODITIES AND AGRICULTURE

New gas oil futures contract approved

By John Edwards, Commodities Editor

MEMBERS of the International Petroleum Exchange have agreed in principle to introduce a new London gas oil futures contract, using an FOB (free on board) delivery procedure, to replace the existing contract which is based on in-tank delivery against a bearer warrant.

Full details of the new contract are yet to be finalised, so no official starting date has been announced. However, it has been decided not to introduce any new delivery months on the existing contracts, which at present trades up until April next year.

This will leave the way clear for May 1985 to be the first delivery position for the new FOB contract, which would start trading sometime later this year.

There are two main reasons for the contract change. One is that it is felt an FOB delivery system, which is already used by the New York Mercantile Exchange, would bring futures closer into line with the physical market.

The second is to deal with the quality control problem the Exchange suffered last November. It has been found that a system using warrants (with a life of several months) is not suitable for an unstable material like gas oil whose quality can vary within a matter of weeks.

Meanwhile gas oil futures eased yesterday reversing the steady climb so far this week. The September position closed $2 down at $237.125 a tonne, still $10 above last Friday's close.

Traders said prices came under pressure from an easier trend in the physical market,

Milk output in July down 14% on year

BY ANDREW GOWERS

MILK PRODUCTION in England and Wales fell almost 14 per cent in July from the same month last year, the Milk Marketing Board said yesterday.

The scale of the drop has provoked serious concern among board managers, who fear that the combined effects of drought and over-reaction to EEC production curbs could result in the UK falling short of its allotted output quota this year.

Yesterday's figures show that production in England and Wales between April—when the EEC limits were imposed—and July was almost 3 per cent below quota. It is believed that output may have fallen still further in the first part of this month.

The picture is similar in Scotland, where production in July was 13 per cent down on July 1983.

With liquid milk consumption remaining virtually unchanged from last year, creameries are suffering a severe reduction in supplies. The English and Welsh Board reported that production of milk destined for manufacture fell by more than 25 per cent in July. Most of that fall was accounted for by butter.

While none of the MMB's 30 creameries has had to close, older plant in many of them has been mothballed to reflect the reduced flow of milk. Dairy Crest, the board's commercial arm, is seeking more than 400 voluntary redundancies among creamery staff.

The worry of MMB managers is that production may not recover sufficiently during the autumn and winter months to bring the UK to its full quota.

This would mean a greater-than-expected reduction in dairy farmers' incomes and a further increase in unit costs for the board.

The executives also fear that if the UK is not up to quota by the time of the next EEC price-fixing in early 1985, Britain could suffer a further cutback in production.

Under the quota scheme agreed by EEC ministers last March, the UK must cut production by 6½ per cent overall from its level last year.

Tin plea to Brazil

BY WONG SULONG IN KUALA LUMPUR

MINING MINISTERS from the seven-nation Association of Tin Producing Countries, (AIPC) will visit Brazil in October to appeal to the country to slow down its tin production.

A senior Malaysian primary industries official said Brazil's tin output, which rose from 8,000 tonnes in 1981 to an estimated 18,000 tonnes this year, was a major factor depressing tin prices.

He said tin producers who are members of the International Tin Council had been restricting their exports by nearly 40 per cent for the past two years, and had been making financial contributions to the ITC's buffer stock fund to prevent a price collapse.

"We recognise Brazil has to export aggressively to earn *foreign exchange. But we hope* it can find other ways of doing it because ITC producers are already sacrificing quite a lot for the tin industry's" the Malaysian official said.

Brazil is not an ITC member

Sharp rise in world sugar values

WORLD SUGAR values moved up sharply yesterday with the London daily raws price being fixed $7.50 up at $117.50 a tonne and the December position on the London futures market gaining $2.80 to $130.50 a tonne.

The rise was attributed to a strong tone in New York overnight, stronger sterling against the dollar and firmer precious metals values.

Dealers also noted that some observers thought the market was overdue for a technical rally following the recent fall to 13-year lows.

● **COCOA PRICES** continued to be dominated by the tight nearby physical supply situation yesterday. The prompt September position on the London futures market reached £1,975 a tonne at one point before closing £21.50 up on the day at £1,950 a tonne. The December quotation ended £17.50 up at £1,761 a tonne.

● **UNCERTAINTY** about farming prospects has brought a change in farmers' attitudes to land purchases, according to the latest issue of Farmland Market.

Agricultural land values will be more closely allied to productivity for the next five years, the magazine predicts. Between January and July this year the average price of an acre of UK farm land rose by only 2 per cent to £2,245, it says.

It attributes this slower rate of increase to uncertainty following the imposition of milk production quotas and the threat of similar action in the cereals sector.

● **KAISER ALUMINIUM** will shut two aluminium potlines at its Mead, Washington, reduction plant on September 8.

The company attributed the cutback to "the continued deterioration of primary aluminium prices and resulting unstable market conditions."

Why New Zealand lamb is 'bootiful'

Farmer's viewpoint: by John Cherrington

THE recent decision by the Bernard Matthews group to import boneless cuts of New Zealand lamb to sell under its own label could have a considerable impact on UK lamb marketing in the long term.

Of particular interest is Mr Matthews' remark that New Zealand supplies were chosen because regular supplies at fixed prices could not be guaranteed from British sources.

The irregularity is inherent in the British production and largely conditioned by the marketing systems. These are weather, which determines the rate at which lambs become ready for the butcher.

This year, for example, far more lambs were sold in May and June than is usual, and this was largely because the weather was favourable for maturing sheep.

Another factor, however, was changes in the EEC's sheepmeat pricing under which the guaranteed price falls away sharply during June.

The resulting flood of lambs on the market forced down the price, although the premium or deficiency payment compensated for this.

Once the guide price reached the floor level, where it will stal until October, market prices rose again as the number of lambs brought to market fell.

The variations over a few weeks amounted to 30 or 40p a kilo. No processor could contemplate such eccentricities in the cost of supplies.

In New Zealand, the Meat Board controls all lamb marketing, imposes grading standards, particularly on carcas weight, and is in charge of all sales and shipments.

The result is a uniform product, which can be held in cold store almost indefinitely.

New Zealand lamb does not always satisfy the taste expectations of consumers. However, this has something to do with the actual freezing process which will probably be altered soon by centralised control.

The New Zealand farmer has no alternative but to aim at the export bottleneck. His British counterpart, on the other hand, can ring the changes in a variety of ways.

If he has a lot of keep, he can hold his lambs until they are heavier. Or, he can sell them as stores for further fattening to other farmers protected by the sheepmeat regime with its graduated payments over the year.

There is an advantage, too, in British lambs being sold fresh, rather than frozen. New Zealand is now exporting a small quantity of chilled lamb however. If this trade expands it could cause competition problems for British sheepmeat.)

What the Matthews system could do is reverse the decline in British sheepmeat consumption. The downward trend partly results from the high price of lamb compared with pork and poultry meat, but is also caused by the meat's inconvenience.

Once the hind legs are removed from a carcass the remainder presents an awkward problem. Carving a shoulder is a skilled operation. The chops and loin, especially on a small lamb, are hardly worth persevering with, and there is a great deal of waste in the brisket, the neck and the flanks.

The sense of the Matthews proposition is that the New Zealand lamb it imports should be processed when fresh in New Zealand abattoirs. A minimum of further cutting will be needed to turn it into a convenience form to be picked out of British supermarket freezers by housewives looking for a meal which is easy to prepare.

It could be argued that the products will not be recognisable as lamb. True enough; but then Matthews's turkey roasts do not look much like turkey and the increasingly popular hamburger little resembles its alleged parent the beef animal.

The project has the advantage that New Zealand lamb, the basic raw material, is being sold at about a third the price of British lamb on the farm. In spite of the very high costs of New Zealand labour in abattoirs and of shipping it could still be very competitive.

Could British lamb compete? The main argument of the trade is that *the costs of boning out* British lamb carcases in terms of labour and waste would make the resulting meat too dear to be viable. That is probably why Mr Matthews chose New Zealand for his supplies.

French ban on UK imports likely to remain

BY IVO DAWNAY

THE FRENCH ban on British lamb imports looks set to continue following the breakdown of talks in Paris between veterinary officials from both countries' agriculture ministries.

UK officials had hoped they could persuade their counterparts to withdraw the restrictions on meat bearing traces of the pesticide Lindane.

But the French insisted that their new maximum ceiling of one part per million (ppm) could not be raised to accommodate British produce showing up to 7.2 ppm.

The rigidity of the French position has now convinced the UK that the only hope for a return to normal sales rests with the European Commission outlawing the ban as a restraint on free trade.

Few doubt that Paris's decision to introduce the restrictions is intended to bolster national producers who are suffering a 9 per cent fall in prices on last year together with a marked increase in British imports.

It has also been noted that France introduced the controls just a day after sheep dipping in the controversial product had been completed throughout the British Isles.

Experts say it may be anything from eight to 12 weeks before the levels of Lindane found in British sheepmeat fall to the new limits

If the ban, which has so far prohibited further imports from nine British slaughterhouses, continues much longer, there are fears that prices for lambs sold for fattening may tumble.

This would particularly hit the poorer hill farmers, most in need of price support.

France is due to submit justification for its action to the EEC by the middle of next week. Commission officials will then see whether the ban is in accordance with community law.

British hopes that the ban will be over-ruled rest primarily on claims that Paris failed to give adequate advance notice of the new regulations.

However, there may also be an argument that, as some supposedly "contaminated" shipments have been allowed into the French market, the danger to consumers cannot be serious enough to justify a ban.

PRICE CHANGES

In tonnes unless stated otherwise	Aug. 23 1984	+ or —	Month ago
Metals			
Aluminium	£1100	......	$1100
Free Mkt	$1180/1210	......	£1185/215
Copper			
Cash h Grade	£1035	+12.5	£1019.5
3 mths	£1051.25	+17.5	£1038.25
Cash Cathode	£1047	+20	£1026.5
3 mths	£1062.5	+15	£1041
Gold troy oz.	$352.25	+5.75	$348.575
Lead Cash	£360.5	—1	£367
3 mths	£363.25	+1	£364.25
Nickel	£5203	......	£5298
Free Mkt	$12/239p	......	208/226c
Palladium oz.	$138.00	+1.25	$133.25
Platinum oz.	$344.00	+5.75	$333.50
Quick Silver†	$308/318	......	$295/305
Silver troy oz.	584.40p	+12.75	543.05p
3 mths	599.00p	+12.75	558.40p
Tin cash	£9250	—5	£9405
3 mths	£9202.5	—5	£9323
Tungsten	$89.56	......	$85.17
Wolfram22 04lb	$80/83	+1	$76/81
Zinc	£628	—1.5	£657.75
3 mths	£638.75	......	£658.75
ucra	$890	......	$890

	Aug. 23 1984	+ or —	Month ago
Oils			
Coconut (Phil)	£975u	+55	$1425
Groundnut	‡	......	1030
Linseed Crude	‡	......	‡
Palm Malayan	$560w	+15	$560
Seeds			
Copra Phil	‡	......	‡
Soyabean (U.S.)	$263.25w	+2.25	$264.5
Grains			
Barley Fut. Nov.	£109.05	—0.05	£109.10
Maize	£153.00	......	£147.75
Wheat Fut. Nov.	£108.80	—0.30	£110.25
No2 Hard Wint.	‡	......	‡
Other commodities			
Cocoa ship't*	£1901	+66	£1946
Futures Dec.	£1751	+17.5	£1820
Coffee Ft. Nov.	£2327.5	+11.0	£2197.5
Cotton A index	75.20c	......	76.20c
Gas Oil Sept.	$237.25	—2.00	$218.28
Rubber (kilo)	61.00p	—0.50	66p
Sugar (raw)	$82.50	+5.00	£89
Wool't'ps 64s	460p kilo	......	465pkilo

‡ Unquoted. w Oct. z Sept. v Sept-Oct. u Aug-Sept. y Oct-Nov. † Per 75 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL

The market began the day stronger supported by good buying interest on the physical market but quickly met selling from both trade and commission houses. Prices rallied briefly before the break, but quickly fell again on the re-opening and continued to weaken in good volume to reach the lows just before the end of the day, reports Premier Man.

Turnover: 3,173 (1,801) lots of 10 tonnes.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	27.70-27.80	+0.05
Dubai Fateh	27.15-27.25	+0.03
Arab Heavy	26.75-26.85	+0.06
North Sea (Forties)	28.20-28.60	+0.05
North Sea (Brent)	28.35-28.55	—
African (BonnyLi'ht)	28.65-28.65	—

PRODUCTS—North West Europe ($ per tonne)

Premium gasoline	264-268	—0.5
Gas Oil	240-244	+2.5
Heavy fuel oil	178-180	+0.5

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Aug.	234.50	—0.25	237.50-36.50
Sept.	237.25	—2.00	241.25-36.75
Oct.	241.25	—1.75	245.00-40.50
Nov.	244.50	—2.00	248.25-44.00
Dec.	248.00	—1.75	251.75-47.25
Jan.	248.75	—1.25	252.00-48.00
Feb.	242.50	—5.00	249.50-48.00
March.	248.00	—1.75	—
April.	250.50	+0.50	

GOLD MARKETS

	Aug. 23		Aug. 22	
Gold Bullion (fine ounce)				
Close	$362-362½	(£258-258½)	$346¼-345¾	(£263¾-264¼)
Opening	$352-352½	(£268¼-268¾)	$345½-346	(£263¾-264¼)
Morning fixing	$351.70	(£268.041)	$346.40	(£263.363)
Afternoon fixing	$351.65	(£267.762)	$345	(£263.560)

Gold and Platinum Coins Aug. 23

Krugrnd	$363¼-364	(£276¾-277¼)	King Sov	$83½-85	(£63¾-64¾)
½ Krug.	$127¼-188	(£142½-143¼)	Victoria Sov	$85½-85	(£63¾-64¾)
¼ Krug.	$95½-96¼	(£78¾-73¼)	French 20s	$67¼-69	(£51¼-52½)
1/10 Krug.	$39-59¾	(£30¾-30¼)	50 Pesos Mex	$456-458	(£352-353½)
Mapleleaf	$363-363¾	(£276½-277)	100 Cor. Aust	$340-343	(£260-261¼)
New Sov.	$82¾-83½	(£63-63½)	$20 Eagles	$510-520	(£388½-396)
½ New Sov.	$49¾-50½	(£37¾-38½)	Noble (Plat.)	$551¾-356¾	(£268-271)

EUROPEAN MARKETS

ROTTERDAM, August 23.

Wheat—(U.S. $ per tonne). U.S. No. 2 Soft Red Winter: Sept 154, Oct 157.25, Nov 160, Dec 162.50. U.S. No. 2 Northern Spring, 14 per cent protein: Aug 183.50, Sept 172, Oct 173, Nov 176, Dec 180. U.S. Northern Spring, 15 per cent protein: Sept 179, Oct 179, Nov 182, Dec 188. U.S. No. 3 Hard Amber Durum: Aug 190, Sept 189, Oct 192, Nov 195.50, mid-Nov/mid-Dec 200, April/May 206. Canadian No. 1 Western Amber Durum: Sept 207, Oct 207, Nov 209, Nov/Dec 212.

Maize—(U.S. $ per tonne). U.S. No. 3 Yellow: Aug 156, Sept 149, Oct 139, Nov 137, Dec 137, Jan/March 140, sellers. Argentine, Plate: Afloat 158, Sept 160, Oct/Dec 170, April/June 153, sellers.

Soyameal—(U.S. $ per tonne). 44 per cent: Afloat 174, Oct 181, Oct/Dec 182, Nov/March 185, sellers. Pellets, Brazil: Afloat 175, Aug 175, Sept 178, Oct 187, Oct/Dec 193, sellers. Brazil: Afloat 168, Aug 173, Sept 173, Oct 179, sellers. Pellets: Argentine: Afloat 168, Aug 168, Sept 171, Oct 179, Oct/Dec 184, sellers.

PARIS, Aug 23.

Cocoa—(FFr per tonne). Sept 2201-2204; Dec 2025-2027; Mar 1980-2003; May 1990, bid; July 2000, bid; Sept 2020, bid; Dec 2030, bid.

Sugar—(FFr per tonne). Oct 1355-1357; Dec 1365-1375; Mar 1418-1423; May 1448-1465; Aug 1525-1540; Oct 1575-1595.

Highgate & Job shares jump

The share price of Highgate & Job, Scottish animal oil refiner and protein meal trader, rose 25p yesterday to 115p, following the purchase of a 25.26 per cent stake by Ramsdell Trading Inc. The closing price values the company at £1.12m.

Mr I. G. Barr, chief executive, said he had no knowledge of the nature or intentions of Ramsdell.

The only substantial holding recorded in Highgate is the 29.9 per cent owned by its chairman, Mr Mark Watson-Mitchell, through Peachfield.

That holding was acquired at the beginning of this year, and Mr Watson-Mitchell became chairman shortly afterwards. The company immediately launched an unsuccessful takeover bid for Michael Black, an unquoted video and consumer electronics distributor.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL prices generally gained ground on the London Metal Exchange. Firmer overnight in the U.S., Copper traded actively and boosted by firmer Comex, touched £1,053.5 before closing at £1,053. Mirroring Copper, Aluminium also made a bright start and advanced to £881; heavy selling developed at this level, however and the metal finished at £876.5. Forward Zinc dipped to £635, only to recover to £643, while Lead was steady at £364. Nickel firmed to £3,700, but Tin eased to £9,205.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
H'gh Grde	£	£	£	£
Cash	1024-.5	+9	1034.5-5.5	+18.5
3 months	1041.5-2.5	+8.75	1051-.5	+17.5
Settlem't	1024.5	+9	—	......
Cathodes				
Cash	1035-6	+7.75	1045-9	+20
3 months	1041-2	+5	1051-4	+15
Settlem't	1036	+8	—	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £1,023.5, 24, three months £1,042.5, 42, 42.5, 41, 40.5, 41, 42, 41.5. Cathodes: Cash £1,036, three months £1,041. Kerb: Higher Grade: Three months £1,042, 42.5. Afternoon: Higher Grade: Three months £1,050, 49, 48, 49, 50, 49.5, 50, 49, 49.5, 49, 50, 51, 51.5, 51. Kerb: Higher Grade: Three months £1,052, 51.5, 52, 51.5, 52, 53, 53.5, 53. Turnover: 64,625 tonnes. U.S. Producers: 63-67 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	9255-65	+18	9250-60	—10
3 months	9235-45	+15	9225-35	—5
Settlem't	9265	+25	—	......
Standard				
Cash	9255-8	+15.5	9245-50	—5
3 months	9210-3	+14.5	9200-5	—5
Settlem't	9258	+19	—	......
Straits E.	$22.15	......	—	......

Tin—Morning: Standard: Cash £9,255, three months £9,205, 10. Kerb: Standard: Three months £9,213. Afternoon: Standard: Three months £9,215, 10, 05. High Grade: Three months £3,242, 40. Kerb: Standard: Three months £9,205. Turnover: 2,425 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	360-60	—1.12	360-1	—1
3 months	362.75-3	+2	363-.5	+1
Settlem't	360	—.75	—	......

Lead—Morning: Cash £359, three months £361, 62, 62.75. Kerb: Three months £363, 62.5, 62, 62.5. Afternoon: Three months £364, 63.5, 64. Kerb: Three months £364.5, 64, 63.5, 64, 63.5. Turnover: 12,850 tonnes. U.S. Spot: 28-32 cents per pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	628-.0	—5	627.5-8.0	—1.5
3 months	639-.5	—5	638.5-9	......
Settlem't	629	—5	—	......

Zinc—Morning: Cash £629, 28, 29, 28.5, three months £642.5, 42, 42.5, 42, 41, 40, 39, 39.5. Kerb: Three months £639, 38.5, 38. Afternoon: Three months £639, 37, 36, 35, 36, 36.5, 37, 38, 38.5. Kerb: Three months £639, 40, 41, 40.5, 41, 42, 43. Turnover: 18,325 tonnes. U.S. Prime Western: 48.50-50.50 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	865-6	+5	864.5-5	+8.25
3 months	879-.5	+6	877.5-8	+6.5

Aluminium — Morning: Cash £865, three months £877, 78, 78.5, 79. Kerb: Three months £879.5, 79, 79.5. Afternoon: Three months £881, 80.5, 80, 79, 78.5, 79, 78. Kerb: Three months £878, 77, 76, 75.5, 76. Turnover: 28,050 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3605-10	+36	3602-5	+28
3 months	3696-7	+34	3700-2	+28.5

Nickel — Morning: Three months £3,685, 90, 3,700, 3,695, 96. Kerb: Three months £3,700, 05, 10. Afternoon: Cash £3,605, 02, three months £3,710, 08, 07, 05. Kerb: Three months £3,705, 3,700. Turnover: 1,146 tonnes.

SILVER

Silver was fixed 12.75p an ounce higher for spot delivery in the London bullion market yesterday at 584.4p. U.S. cent equivalents of the fixing levels were: Spot 765c, up 16c; three-month 786.1c, up 14.3c; six-month 808c, up 13.5c; and 12-month 856.9c, up 12.4c. The metal opened at 583½-586½p (766-769c) and closed at 585½-588½p (769-772c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffial	+ or —
Spot	584.40p	+12.7	587.50p	+15.5
3 months	599.00p	+12.7	603.25p	+14.5
6 months	613.40p	+12.8	—	......
12months	644.90p	+12.7	—	......

LME (2,000 oz contract) — Cash 587.50p (574.00p); three months 603.25p (589.00p). Turnover 113 (97) lots of 10,000 ozs.

Morning: Large 1st Ring three months 599. 2nd Ring three months 599, 99.5, 600. Kerb: Large: Three months 600. Afternoon: Large 1st Ring three months 601, 02. 2nd Ring three months 603. Kerb: Large three months 602.

COCOA

After an early limit up move on September, cocoa futures performed strongly and despite profit-taking paring gains, closed £13.00-£20.00 up on the day. Light manufacturer offtake and good origin sales were recorded, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept.	1949-51	+21.5	1975-20
Dec.	1760-62	+17.5	1775-50
March	1717-18	+14.0	1738-08
May	1722-25	+14.0	1736-15
July	1726-30	+11.5	1740-25
Sept.	1733-36	+13.0	1741-26
Dec.	1738-48	+21.5	—

Sales: 6,592 (6,144) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily prices for August 23: 101.09 (99.98); five-day average for August 24: 98.54 (98.15).

COFFEE

Despite overnight weakness in New York the London market established another new high today, reports Drexel Burnham and Lambert. The days high of 2410 on November was established early in the afternoon on further commission house buying but for the remainder of the session values eased back on scattered profit-taking eventually finding support from mixed trade and job buying on the close.

COFFEE	Yesterd'ys Close	+ or —	Business Done
Sept	2390-95	+8.5	2394-60
Nov.	2398-97	+11.0	2410-70
January	2347-45	+11.0	2355-20
March	2178-75	+7.0	2103-56
May	2140-56	+15.0	2155-65
July	2110-06	+5.5	2111-11
Sept.	2070-71	—5.5	2085-75

Sales: 3,857 (5,081) lots of 15 tonnes.

ICO indicator prices (U.S. cents per pound) for August 22: Comp. daily 1979 144.30 (143.27); 15-day average 141.26 (140.97).

GRAINS

Wheat market reached 50p down on fears of dock strike and continued harvest pressure but slowly improved in shipper buying to again close at the day's high. Wheat A market was thin at 80p down with barley recovery to unchanged after initial losses of 25p, reports Muirpace.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterd'ys close	+ or —
Sept.	105.40	—0.10	105.60	—
Nov.	108.80	—3.30	109.05	—0.05
Jan.	112.15	—0.15	112.30	—0.05
Mar.	115.08	—0.25	115.50	+0.20
May	118.05	—0.25	117.65	—
July	120.50	—0.25	—	—

HGCA—Locational ex-farm spot prices. Feed wheat: S. East 101.60, S. West 100.10, W. Mids 100.30, N. East 101.10. Feed barley: S. East 100.20, S. West 100.20, W. Mids 101.10, N. East 98.80. The UK monetary coefficient for the week beginning Monday August 27 is expected to change to 1.000.

Business done—Wheat: July 105.40-5.00, Sept 108.80-8.60, Nov 112.15-1.90, Jan 115.10-4.85, March 118.10-7.96, May 120.50-0.25. Sales: 423 lots of 100 tonnes. Barley: Sept 105.65-5.35, Nov 109.15-8.85, Jan 112.35-2.10, March 115.30-5.05, May 117.55-7.45. Sales: 818 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No 1 15 per cent Sept/Oct 143.85, Nov 145.50, Dec 149.75, transhipment East Coast. English feed fob Oct/Dec 112, East Coast. Maize: U.S. No 3 Yellow/French Aug/Sept 153, sellers transhipment East Coast. Barley: English feed fob spot 104.75, East Coast. Rest unquoted.

PIGMEAT

In spite of a quiet pre-holiday physical trade, speculative buying pushed prices higher in limited volume. There appears to be good underlying support below the market as well as resistance just above current levels, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
Oct.	119.30	122.00	122.40-122.3
Nov.	124.20	123.80	124.40-124.0
Feb.	118.90	118.80	118.00-118.2
April	118.80	118.70	119.00-119.0
June	116.90	116.70	—
Aug	116.70	118.50	—

Sales: 46 (83) lots of 50 carcases 3,250 kilos.

POTATOES

Buyers saw a quiet market, registering higher levels following stronger Dutch futures, reports Coley and Harper.

Month	Yesterdy's close	Previous close	Business Done
	£ per tonne		
Nov.	73.50	71.30	75.00-72.30
Feb.	80.50	79.50	—
April	94.20	92.10	94.50-93.10
May	101.50	98.80	101.5-101.0
Nov.	77.60	78.80	—

Sales: 383 (200) lots of 40 tonnes.

RUBBER

PHYSICALS—The London market opened unchanged, attracted little interest throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyer) spot 61.00p (61.50p). Sept 73.00p (73.50p). Oct 74.00p (75.00p). The Kuala Lumpur Sept fob price for RSS No. 1 was 218.00 (212.50) cents a kg and fob SMR 20 was 208.50 (same).

FUTURES—Close (buyer, seller, business) RSS No. 1 £ per tonne: Sept 610, 620, 620; Oct unquoted; Nov unquoted; Dec unquoted; Jan 659, 660, 660; Feb 672, 675, nil; March 675 buyer; April unquoted; May unquoted; Oct/Dec 648 seller; Jan/March 670, 675, 668-675; April/June 710 seller. Sales: 3 (2) lots of 15 tonnes. 3 (0) lots of 5 tonnes.

SOYABEAN MEAL

The market opened £2.50 up in active trading condition, reports T. G. Roddick. During the course of the afternoon the market came under pressure from commission house selling, closing £1.50 up on the day.

	Yestday's close	+ or —	Business Done
	£ per tonne		
August	152.70-55.00	+1.50	156.00-51.00
October	140.10-40.40	+2.00	140.50-40.00
Dec.	146.00-47.10	+1.50	147.50-45.00
Feb.	147.00-47.20	+1.45	146.50
Apr	146.50-46.50	+5.10	146.00
June	149.50-50.00	+9.40	150.00-48.50
August	150.00-52.00	—	—

Sales: 59 (38) lots of 100 tonnes, 180 (537) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £89.50 ($117.50), up £5.00 (up $7.50) a tonne for Aug-Sept-Oct delivery. White sugar $155.50, up $4.50.

Sales: No. 6 5,866 (3,101) lots of 50 tonnes.

The market improved sharply following some keen short-covering which uncovered only scale-up selling. A disappointing New York opening saw prices decline $3.00 rapidly before recovering around $1.00 as profit-taking developed towards the close, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Oct.	123.20-23.40	110.60-12.00	125.00-18.60
Dec.	130.20-30.80	127.00-28.40	132.20-31.00
Mar.	145.20-45.40	143.00-43.20	147.00-42.80
May	151.00-51.20	148.00-49.00	155.00-48.00
Aug.	160.00-60.60	156.00-58.20	162.00-60.00
Oct.	168.40-69.40	165.00-66.30	170.40-68.00
Dec.	175.00-77.00	172.00-75.00	178.00

Tate and Lyle delivery price for granulated basis sugar was £196.50 (£194.50) a tonne for export.

International Sugar Agreements — (U.S. cents per pound fob and stowed Caribbean ports). Prices to August 22: Daily price — (3.82); 15-day average — (3.98).

COTTON

Spot and shipment sales in Liverpool amounted to 153 tonnes bringing the total for the week so far to 313 tonnes. Spinners directed their attention towards African and South American growths, for Autumn shipment.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 563.0, 564.0, 563.0-562.0; Dec 565.0, 567.0, 567.5-565.0; Mar 573.0, 577.0, 577.0-576.0; May 582.0, 584.0, 585.0-584.0; July 591.0, 592.0, 595.0-591.0; Oct 584.0, 586.0, nil; Dec 588.0, 590.0, nil; Mar 591.0, 592.0, nil. Sales: 95.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 460, 508, 506; Oct 480, 487, 488-484; Dec 490, 493, 492-488; Jan 491, 495, 495-490; March 503, 504, 504-498; May 507, 508, 508-503; Aug 520, 522, 522-519; Oct 520, 522, 522-510; Dec 525, 527, 526-524; Jan 525, 529, 530-525. Sales: 149.

INDICES

FINANCIAL TIMES

Aug. 23	Aug. 21	M'th ago	Year ago
202.94	289.93	201.20	201.66

(Base: July 1 1952 = 100)

REUTERS

Aug. 23	Aug. 22	M'th ago	Year ago
1852.7	1847.2	—	—

Base: September 18 1931 = 100)

MOODY'S

Aug. 22	Aug 21	M'th ago	Year ago
1009.7	1008.8	1025.6	1097.9

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Aug. 22	Aug. 21	Month ago	Year ago
Spot	130.69	129.77	129.71	148.54
Fut	128.43	127.67	126.64	153.89

(Base: December 31 1974 = 100)

MEAT/FISH

SMITHFIELD MEAT—Pence per pound. Beef: Scotch killed sides 76.0 to 82.0; English forequarters 52.0 to 55.0; Eire hindquarters 89.0 to 93.0. Veal: Dutch hinds and ends 132.0 to 137.0. Lamb: English small 64.0 to 69.0, medium 60.0 to 65.0, heavy 58.0 to 62.0; Scotch heavy 58.0 to 60.0; Imported: New Zealand PL 67.0 to 67.5, PX 60.0 to 60.8, YL 63.6 to 64.5. Pork: English under 100lb 51.0 to 58.0, 100-120lb 53.0 to 56.5, 120-160lb 46.0 to 54.0.

MEAT COMMISSION—Average fatstock prices at representative markets: GB—Cattle 97.12p per kg lw (−0.50); GB—Sheep 136.50p per kg est dcw (−10.90); GB—Pigs 82.80p per kg lw (−3.26).

COVENT GARDEN—London prices for the bulk of produce, in sterling per package unless otherwise stated. English Produce: Apples—per pound, Bramley new crop 0.15-0.18, Grenadier 0.07-0.08, Howgate 0.10-0.11, Discovery 0.18-0.24, Tydeman's Worcester 0.23-0.24. Plums—12 lb, Czar 1.60-1.80, Victoria 3.00-3.20, Belle 2.40, Damson 5.00. Strawberries—½ lb 0.70-0.80. Raspberries—¼ lb 0.40-0.50. Loganberries—¼ lb 0.20-0.25. Blueberries—½-lb punnet 0.80-0.90. Blackberries—½ lb 0.15-0.20. Blackcurrants—½-lb punnets 0.15-0.20. Potatoes—per bag 56 lb 2.40-3.20. Mushrooms — per pound, open 0.60-0.75, closed 0.60-0.60. Lettuces—per tray round 1.20-1.40, Cos dozen 1.50-1.60; Webb's 1.50-1.60; Iceberg 12s 4.50-4.80, 15s 4.00. Carrots—28 lb new crop 1.00-1.60. Greens—Primo 1.00-1.20. Tomatoes—tray 12 lb 1.80-2.00. Sugar Peas—1.20-1.50. Cucumbers—tray 1.20-1.80. Cauliflowers—dozen, Lincs 1.50-2.00. Spring Onions—bunch 0.09-0.10. Radishes—bunched 0.12-0.14. Celery—prepack 3.00-3.50; loose 2.00-2.40. Watercress—ice pack 20s 3.40-3.50. Salad—Crisps 18s 1.00-1.10. Courgettes—per pound 0.10-0.12. Stick beans—per pound 0.10-0.20. Peas—per pound 0.18-0.20. Beetroots—bags 28 lb 1.80-2.00. Onions—55-lb bag 5.00-5.50. Calabrese—per pound 0.25-0.30. Capsicums—per pound 0.30-0.35. Marrows—dozen 1.20-1.50. Corn—each 0.12-0.20. Fennel—tray 10 lb 3.50-4.00. Leeks—per pound 0.30-0.40. Swedes—28 lb 2.00-2.40. Parsnips—22 lb 2.00-2.20. Turnips—28 lb 2.40-2.50.

● **INDIA** will import 1.2m tonnes of edible oils in 1983-84 ending October, up from 1.15m last year, said Mr Sanjeevi Rao, deputy minister for food and civil supplies.

He told parliament domestic oil production in the year is estimated at 3.3m tonnes and demand at 4.5m tonnes, against 2.85m and 4.14m in the previous year.

AMERICAN MARKETS

Gold and silver came under pressure in response to good dealer selling and weakness to currencies late in the session. Copper concentrate was firm in response to reports of tightness in supplies. Aluminium found light support from short covering in response to the better tone to copper. Sugar traded in a featureless fashion to close modestly lower on reports of favourable beet development in Europe. Cocoa was firm on good commission house buying in response to continued concerns over the tightness in nearby supplies. Coffee continued to attract good roaster interest along with commission house buying to show a firm tone. Cotton was steady on a lack of fresh commission house selling despite a negative U.S. mill consumption report. Heating oil was lower as the market corrected an overbought condition and led to a light long liquidation. Grains and soyabeans came under heavy selling pressure as local selling and commission house stop-loss selling on the close forced prices sharply lower. The negative market action occurred despite bullish fundamentals and strong cash markets, reports Heinold Commodities.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
August	5010	—	—	4965
Sept.	5030	5065	5015	5005
Oct	5085	—	—	5085
Dec	5200	5235	5160	5160
Jan	5250	—	—	5240
March	5380	—	—	5380
May	5500	5540	5495	5480
July	5620	5610	5610	5600
Sept	5740	5725	5725	5720
Dec	5920	—	—	5900

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Sept	148.81	148.85	147.55	147.73
Dec	146.36	146.40	144.60	145.18
March	143.46	143.50	142.40	142.72
May	141.38	140.98	140.80	140.25
July	139.25	139.69	139.00	138.50
Sept	138.13	137.80	137.80	136.89
Dec	136.88	—	—	133.75

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
August	60.90	—	—	60.10
Sept	61.05	61.25	60.00	60.30
Oct	61.70	—	—	60.95
Dec	63.00	63.25	61.95	62.20
Jan	63.65	63.25	63.25	62.85
March	64.90	65.05	63.90	64.10
May	66.06	66.10	65.05	65.30
July	67.25	67.30	66.40	66.50
Sept	68.46	68.45	67.70	67.70
Dec	70.36	70.45	69.50	69.69

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
August	349.9	354.5	349.4	354.3
Sept	350.6	—	—	355.2
Oct	353.8	359.0	351.5	358.2
Dec	360.4	366.8	358.6	365.0
Feb	367.4	372.5	366.0	372.0
April	374.4	376.2	373.3	379.0
June	381.9	385.0	384.0	386.5
August	389.5	394.4	394.2	394.1
Oct	397.5	401.0	401.9	402.1
Dec	405.6	—	—	410.2
Feb	413.9	—	—	418.5
April	422.3	—	—	426.9
June	431.0	—	—	435.7

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Sept	171.70	72.00	69.60	71.10
Nov	171.50	71.75	68.80	70.30
Jan	170.00	70.70	68.80	70.30
March	171.00	71.80	69.90	70.60
May	—			
Sept	170.80	—	—	70.55
Nov	170.85	—	—	70.80
Jan	170.85	—	—	70.80

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Sept	342.6	340.5	340.5	346.9
Oct	344.8	347.5	342.0	349.1
Jan	354.8	357.5	353.1	359.3
April	364.3	367.0	367.0	369.2
July	374.2	376.0	373.0	379.1
Oct	384.4	385.0	385.0	389.3

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
August	780.2	776.0	768.5	769.0
Sept	782.0	784.0	765.0	771.0
Oct	789.1	764.0	764.0	778.1
Dec	784.2	808.5	777.0	793.0
Jan	791.6	805.0	790.0	800.4
March	807.2	825.0	800.0	818.0
May	823.1	841.5	827.5	831.9
July	839.7	847.0	836.0	848.5
Sept	859.6	877.0	848.0	866.4
Dec	884.8	887.0	887.0	893.5

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	4.13	4.23	4.12	4.17
Oct	4.36	4.47	4.34	4.39
Jan	4.88	4.97	4.85	4.85
March	5.37	5.48	5.35	5.39
May	5.65	5.75	5.63	5.66
July	5.92	6.02	5.92	5.97
Sept	6.25	6.28	6.22	6.22
Oct	6.42	6.50	6.42	6.42
Jan	6.68	6.86	6.85	6.71

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	62.95	63.00	62.20	62.12
Dec	64.15	64.20	63.79	63.82
Feb	64.72	64.75	64.45	64.42
April	65.55	65.70	65.40	64.22
June	66.70	66.70	66.40	66.40
August	65.10	65.10	65.00	64.85
Oct	64.00	64.00	63.90	63.90

LIVE HOGS 30,000 lbs, cents/lb

	Close	High	Low	Prev
Oct	46.82	47.25	46.70	46.85
Dec	48.25	48.75	48.15	48.37
Feb	50.95	51.20	50.65	50.85
April	47.86	48.00	47.50	47.15
June	51.32	51.75	51.25	50.80
July	53.22	53.40	52.90	53.00
August	51.17	51.28	51.00	50.57
Oct	48.97	48.97	48.97	48.97

MAIZE 5,00 bu min, cents/56lb-bushel

	Close	High	Low	Prev
Sept	300.4	303.4	298.6	301.6
Dec	282.4	285.8	281.8	284.0
March	289.0	291.5	288.0	290.4
May	295.0	297.4	294.0	296.2
July	297.6	300.4	297.0	299.0
Sept	290.4	291.4	290.0	291.0
Dec	283.6	285.0	283.6	284.4

PORK BELLIES 38,000 lbs, cents/lb

	Close	High	Low	Prev
August	56.47	58.65	54.55	54.55
Feb	64.62	65.10	63.80	64.00
March	63.37	63.85	62.70	63.67
May	64.20	64.65	63.50	63.82
July	65.80	65.92	64.90	64.65
August	63.50	63.00	63.30	63.50

SOYABEANS 5,00 bu min, cents/60lb-bushel

	Close	High	Low	Prev
August	664.4	674.0	664.0	674.4
Sept	625.2	635.0	622.4	633.2
Nov	623.4	635.0	620.4	633.4
Jan	636.0	648.4	633.4	646.6
March	650.4	661.0	649.0	661.4
May	660.4	671.0	660.0	671.4
July	668.0	677.4	667.0	677.0
August				
Sept	645.0	649.0	645.0	647.0
Nov	626.0	634.0	626.0	628.4

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
August	176.0	178.0	175.0	—
Sept	153.9	156.5	153.6	158.4
Oct	156.3	158.5	155.0	158.9
Dec	161.2	163.7	160.8	163.7
Jan	163.5	166.1	163.5	166.0
March	167.0	170.0	167.0	169.5
May	172.0	174.0	171.5	174.9
July	175.7	177.0	175.0	178.3

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
August	25.67	—	—	26.00
Sept	25.53	27.00	26.35	26.92
Oct	26.02	26.37	25.96	26.32
Dec	25.60	26.00	25.45	25.97
Jan	25.00	25.95	25.60	25.96
March	25.00	25.00	25.80	26.00
May	25.70	26.00	25.68	26.00
July	25.75	25.90	25.75	26.10

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Sept	344.2	348.2	344.0	349.0
Dec	358.4	364.0	358.0	363.2
March	367.0	372.0	366.4	371.6
May	365.0	370.0	365.0	370.0
July	350.0	355.0	350.0	355.0
Sept	355.0	—	—	360.0

SPOT PRICES—Chicago loose lard 28.50 (28.75) cents per pound. New York tin 551.0-560.0 (554.0-562.0) cents per pound. Handy and Harman silver bullion 768.0 (751.0) cents per troy ounce.

BP finds gold in Canada

SIGNIFICANT near-surface gold mineralisation has been discovered near the old Chetwynd copper prospect on the south coast of Newfoundland, according to Selco, part of the British Petroleum group.

Selco, which groups the former Canadian interests of Selection Trust, recently became a wholly-owned subsidiary of BP Canada.

Diamond drilling at the discovery, about 80 kilometres east of the town of Port aux Basques, has outlined a zone of gold mineralisation some 400 metres in length, Selco said. No calculations of average grades or tonnage are possible at present, as the drilling to date has been too widely spaced.

Initial reports of grades encountered are varied, but give grounds for encouragement. Intersections included a 14.3-metre drill core length of 7.57 grammes of gold per tone; 18.8 metres of 5.2 grammes and 51 metres of 3.34 grammes.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Pound eases in nervous trading

Sterling lost ground in currency markets yesterday in reaction to the prospect of a national strike by UK dock workers. It finished slightly above the day's lows, however, possibly helped by an upturn in UK interest rates and better than expected UK trade figures. Its trade weighted index closed at 77.9, its lowest level for five weeks and down from Wednesday's level of 78.1. At noon it stood at 77.8 after an opening level of 78.0.

Sterling closed at $1.3125-1.3135 against a weaker dollar, showing a rise of 30 points from Wednesday. It was down against the D-mark, however, at DM 3.7525 from DM 3.7700 and SwFr 3.1325 compared with SwFr 3.1450. It was unchanged against the yen at Y316.0 but slid in terms of the French franc to FFr 11.5550 from FFr 11.6075.

The dollar was weaker all round in rather subdued trading. There was little incentive in the absence of any fresh economic data to push the dollar firmed and a softer Federal funds rate prompted a weaker trend. There was also some reluctance to take out fresh positions ahead of the release of U.S. money supply figures, due out after the close of business in London.

The dollar closed at DM 2.8645 against the D-mark down from DM 2.8800 and SwFr 2.3845 compared with SwFr 2.3990. Against the Japanese yen it slipped to Y240.65 from Y241.30 and FFr 8.7940 from FFr 8.8400. On Bank of England figures, the dollar's trade weighted index fell from 136.6 to 136.1.

D-MARK — Trading range against the dollar in 1984 is 2.9145 to 2.5535. July average 2.8473. Trade-weighted index 123.9 against 127.0 six months ago.

The D-mark gained ground against the dollar at the Frankfurt fixing. The Bundesbank sold $14.5m when the U.S. currency fell to DM 2.8676 from DM 2.8889, after opening at DM 2.8690. It touched a level of DM 2.8720 before the fixing but then dropped back, partly on a reassessment of the 2.3 per cent rise in U.S. durable goods orders announced Wednesday. If defence related goods were excluded it was found the figure fell by 3.3 per cent, lending further weight to recent speculation that the pace of U.S. economic growth has slowed. News that there had been no change in Bundesbank economic policies, following a meeting of the central bank's council came as no surprise and had little impact on the market.

The D-mark was generally steady to firm against other major currencies apart from the Swiss franc. Sterling fell to DM 3.7580 from DM 3.7870, and the Japanese yen to DM 1.1905 per 100 yen from DM 1.1935, but the Swiss franc rose to DM 1.2007 from DM 1.1909. Within the EMS the guilder fell to DM 88.640 per 100 guilders from DM 88.67, while the French franc was unchanged at DM 32.555 per 100 francs, and the Belgian franc at DM 4.9540 per 100 francs.

JAPANESE YEN — Trading range against the dollar in 1984 is 246.90 to 233.10. July average 242.88. Trade-weighted index 155.4 against 154.3 six months ago.

The yen improved against the dollar in moderate Tokyo trading. The U.S. currency fell to Y240.95 compared with Y242.35 previously. It opened at Y241.20 and traded within a range of Y240.90 to Y241.27. Selling orders from overseas banks were reported to be behind the dollar's decline, with the latest figures on durable goods orders in the U.S. and the consumer price index unable to put a firm base under the currency. The D-Mark was slightly firmer in Tokyo, rising to Y84.01 from Y83.74.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu August 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.1251	+0.50	+0.50	±1.5447
Danish Krone ...	8.14104	8.14556	+0.06	+0.06	±1.6425
German D-Mark	2.24184	2.23569	−0.27	−0.27	±1.0642
French Franc ...	6.87456	6.86496	−0.14	−0.14	±1.3552
Dutch Guilder ...	2.52595	2.52183	−0.12	−0.15	±1.4964
Irish Punt ...	0.72569	0.724597	−0.15	−0.12	±1.6690
Italian Lira ...	1403.49	1383.71	−1.41	−1.41	±4.1605

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	Aug. 23	Prev. close
Spot	$1.3140-3150	$1.3145-3155
1 month	0.09-0.11 dis	0.11-0.13 dis
3 months	0.36-0.39 dis	0.47-0.50 dis
12 months	1.90-2.05 dis	2.30-2.45 dis

Forward premiums and discounts apply to the U.S. dollar.

THE POUND SPOT AND FORWARD

Aug 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3075-1.3135	1.3125-1.3135	0.09-0.13c dis	−1.00	0.38-0.41dis	−1.17
Canada	1.7000-1.7070	1.7055-1.7065	0.13-0.23c dis	−1.34	0.55-0.68dis	−1.46
Nethlnd.	4.23-4.26¼	4.24-4.25	1⅞-1⅝c pm	4.59	4⅞-4⅝ pm	3.77
Belgium	76.69-76.06	75.95-76.05	par-6c dis	−0.41	par-10 dis	−0.26
Denmark	13.68-13.74	13.70¼-13.71¼	¼-⅞ore dis	−0.44	2¼-3¼ dis	−0.78
Ireland	1.2165-1.2225	1.2192-1.2202	0.13-0.31p dis	−2.13	0.55-0.73dis	−2.10
W. Ger.	3.74½-3.77¼	3.74½-3.75½	1⅞-1⅜pf pm	5.60	5-4½ pm	5.20
Portugal	197.00-198.70	197.50-198.65	225-285c dis	−14.84	210-1570d	−17.97
Spain	215.00-215.70	213.35-213.55	50-75c dis	−5.48	185-230dis	−3.85
Italy	2,320½-2,331½	2,330½-2,331½	4-6½lire dis	−2.84	19½-22½dis	−3.60
Norway	10.80-10.85	10.83½-10.84½	1½-2½ore dis	−1.80	4½-5½ dis	−1.84
France	11.51½-11.57¼	11.55-11.56	par-½c dis	−0.34	1⅞-3 dis	−0.54
Sweden	10.85-10.92	10.87-10.88	1½-2½ore dis	−2.48	6½-7½ dis	−2.57
Japan	315-316½	315½-316½	1½-1¼y pm	4.75	3½-3¼ pm	4.27
Austria	26.35-26.50	26.42-26.47	9½-8½gro pm	4.20	25½-23½ pm	3.57
Switz.	3.12¼-3.14¼	3.12¾-3.13¾	1⅞-1½c pm	6.22	4½-4⅛ pm	5.83

Belgian rate is for convertible francs. Financial franc 76.85-76.95. Six-month forward dollar 0.83-0.88c dis. 12-month 1.95-2.10c dis.

THE DOLLAR SPOT AND FORWARD

Aug 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3075-1.3135	1.3125-1.3135	0.09-0.13c dis	−1.00	0.38-0.41dis	−1.17
Ireland†	1.0745-1.0795	1.0785-1.0795	0.15-0.5c pm	1.11	0.30-0.20 pm	0.93
Canada	1.2990-1.2999	1.2990-1.2995	0.03-0.05c dis	−0.37	0.07-0.11dis	−0.28
Nethlnd.	3.2300-3.2375	3.2300-3.2320	1.56-1.53c pm	5.73	4.31-4.47 pm	5.55
Belgium	57.85-57.94	58.75-57.90	5-2c pm	0.73	11-3 pm	0.69
Denmark	10.43¼-10.46¼	10.42½-10.44½	0.90-0.40ore pm	0.75	2.85-2.35 pm	0.99
W. Ger.	2.8610-2.8715	2.8640-2.8650	1.61-1.56pf pm	6.63	4.53-4.48 pm	6.28
Portugal	150½-151¼	150½-151¼	160-510c dis	−26.64	425-1150 dis	−20.88
Spain	163.85-164.35	163.85-163.95	25-35c dis	−2.19	100-120 dis	−2.88
Italy	1,771½-1,776½	1,773½-1,774½	2½-3lire dis	−1.86	9½-10½ dis	−2.31
Norway	8.25½-8.26¼	8.25½-8.26	0.40-0.90ore dis	−0.94	1.25-1.75dis	−0.73
France	8.7915-8.8205	8.7915-8.7965	0.50-0.40c pm	0.61	0.80-0.85 pm	0.33
Sweden	8.28-8.30¼	8.28-8.28½	0.85-1.35ore dis	−1.59	2.85-3.35dis	−1.49
Japan	240.40-241.15	240.60-240.70	1.14-1.10y pm	5.58	3.34-3.29 pm	5.51
Austria	20.10-20.18	20.10-20.11	9-8½gro pm	5.21	25½-23½ pm	4.81
Switz.	2.3830-2.3925	2.3840-2.3850	1.39-1.33c pm	6.84	4.07-4.01 pm	5.77

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.50-58.60.

OTHER CURRENCIES

Aug. 23	£	$		£ Note Rates
Argentina Peso	92.32-92.66	70.37-70.63	Austria	26.25-26.55
Australia Dollar	1.5090-1.5310	1.1225-1.1570	Belgium	76.25-77.05
Brazil Cruzeiro	2,644-2,669	2,017-2,027	Denmark	13.62-13.74
Finland Markka	7.9080-7.9300	6.0300-6.0320	France	11.46-11.60
Greek Drachma	150.860-151.886	114.80-115.30	Germany	3.73½-3.77½
Hong Kong Dollar	10.27-10.28	7.8370-7.8400	Italy	2305-2340
Iran Rial	118.90*	90.70*	Japan	316-320
Kuwait Dinar(KD)	0.38690-0.38735	0.29226-0.29535	Netherlands	4.21¾-4.26¾
Luxembourg Fr.	70.95-76.06	57.86-57.90	Norway	10.77-10.88
Malaysia Dollar	3.0490-3.0550	2.3270-2.3285	Portugal	193-204
New Zealand Dlr.	2.6105-2.6205	1.9940-1.9980	Spain	208-217½
Saudi Arab. Riyal	4.2960-4.6310	3.5300-3.5310	Sweden	10.81-10.92
Singapore Dollar	2.8070-2.8130	2.1430-2.1435	Switzerland	3.11¼-3.14¼
Sth African Rand	2.0290-2.0340	1.5458-1.5490	United States	1.30-1.32
U.A.E. Dirham	4.8180-4.8175	3.6720-3.6730	Yugoslavia	199-220

* Selling rate.

CURRENCY MOVEMENTS

Aug. 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	77.9	−12.8
U.S. dollar	133.1	+23.4
Canadian dollar	89.9	−2.8
Austrian schilling	114.0	+6.7
Belgian franc	90.0	−10.8
Danish Kroner	77.9	−6.3
Deutsche mark	123.2	+7.5
Swiss franc	143.2	+9.8
Guilder	113.4	+3.9
French franc	26.4	−15.9
Lira	47.7	−13.0
Yen	155.4	+11.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Aug. 23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.777688	0.595483
U.S. $	9	1.01846	0.779666
Canadian $	12.43	*	1.01325
Austria Sch.	4½	20.5097	15.6947
Belgian Fr.	11	58.9566	45.1961
Danish Kr.	7	10.6600	8.14580
D'mark	4½	2.92064	2.23569
Guilder	3	3.29574	2.52183
French Fr.	9½	8.97060	6.86496
Lira	15½	1807.68	1383.71
Yen	3	245.440	187.861
Norwgn Kr.	8	8.41146	6.44043
Spanish Pta.	½	167.263	128.021
Swedish Kr.	0	8.45631	6.46889
Swiss Fr.	4	2.43208	1.86146
Greek Dr'ch	20½	117.327	89.6772
Irish Punt	12¾	0.946524	0.724597

EXCHANGE CROSS RATES

Aug. 23	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.313	3.753	316.0	11.555	3.133	4.245	2331.	1.706	76.00
U.S. Dollar	0.762	1.	2.865	240.7	8.794	2.386	3.231	1774.	1.299	57.88
Deutschemark	0.266	0.350	1.	83.81	3.079	0.830	1.131	621.9	0.455	20.25
Japanese Yen 1,000	3.165	4.155	11.88	1000.	36.57	9.913	13.43	7377.	5.399	240.5
French Franc 10	0.865	1.136	3.248	273.8	10.	2.711	3.674	2017.	1.476	65.77
Swiss Franc	0.310	0.410	1.198	100.0	3.689	1.	1.355	744.1	0.545	24.20
Dutch Guilder	0.235	0.309	0.884	74.44	2.722	0.738	1.	540.1	0.402	17.90
Italian Lira 1,000	0.429	0.563	1.610	135.5	4.957	1.344	1.821	1000.	0.732	32.60
Canadian Dollar	0.586	0.770	2.200	185.5	6.775	1.836	2.488	1366.	1.	44.55
Belgian Franc 100	1.310	1.728	4.938	415.9	10.90	4.129	5.586	3067.	2.245	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	11⅛-11¼	11⅝-11⅞	11⅜-11⅞	6⅛-6⅜	2-2¼	5-5⅛	10⅞-11	12¼-14¼	11½-12	11¼-11½	6-6⅛	10½-11
7 days' notice	11-11⅛	11⅝-11¾	11½-12	6-6⅛	1⅞-2⅛	5⅛-5¼	10¾-11⅛	11¾-14¼	11¼-11¾	11⅛-11⅝	6⅛-6¼	10½-11
Month	10¾-10⅞	11⅝-11¾	11⅝-12⅛	6⅛-6⅜	4⅞-5	5¼-5⅜	11-11¼	13⅝-13⅞	11-11½	11⅛-11⅝	6⅛-6¼	11-11½
Three months	10¾-10⅞	11¾-11⅞	12-12⅛	6¼-6⅜	4¾-5⅛	5¼-5⅜	11¼-11½	14⅛-14⅜	11-11½	11-11¼	6⅜-6½	11¼-11¾
Six months	10⅞-11	12⅛-12¼	12⅛-12⅝	6⅜-6⅝	5⅛-5¼	5¾-6	11⅞-12⅛	15-15½	11-11½	11-11¼	6⅜-6½	11¼-11¾
One year	10⅞-11	12¼-12⅝	12⅝-12⅝	6⅛-7	5-5⅛	6⅛-6⅜	12⅜-12⅝	16⅝-18⅛	11½-12	11⅛-11⅝	6⅜-6⅝	11¾-12¼

Asian $ (closing rates in Singapore): Short-term 11⅝-11¾ per cent; seven days 11[11/16]-11[13/16] per cent; one month 11[13/16]-11[15/16] per cent; three months 11[13/16]-11[15/16] per cent; six months 12[3/16]-12[5/16] per cent; one year 12[7/16]-12[9/16] per cent. Long-term Eurodollars: two years 13-13¼ per cent; three years 13¼-13⅝ per cent; four years 13¼-13½ per cent; five years 13¼-13⅝ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Gilts rally

Gilts were surprisingly firm on the London International Financial Futures Exchange yesterday. September delivery opened weaker at the day's low of 105-08 following a weaker trend in the U.S. bond market overnight, and the threat of another national dock strike in the UK. From this point the market rallied strongly to close at almost the high point of the day, at 105-28, compared with 105-20 previously.

The rally did not appear to be prompted by any news, but the market seemed fairly confident that despite the weaker undertone to sterling, because of the threatened strike, there was unlikely to be an increase in London bank base rates. Hopes that the next set of UK money supply figures will be good is continuing to encourage speculation about a cut in base rates, although this may be delayed by the present industrial unrest.

The July trade deficit of £137m was also better than market estimates of around £500m, and coupled with the weaker dollar helped to underpin gilt futures.

Three-month sterling deposits were depressed by the weaker pound and the rise in London money market interest rates. September delivery opened at 89.53, near the day's low, but recouped part of the day's losses to finish at 89.63, against 89.73 on Wednesday.

U.S. bond futures were weak, mainly on profit taking, while Eurodollars on Liffe were steady.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	88.41	88.44	88.39	88.43
Dec	88.03	88.08	88.03	88.06
March	87.72	87.76	87.71	87.74
June	87.49	87.54	87.47	87.52
Sept	87.28	87.36	87.28	87.33

Est volume 2,259 (3,683)
Previous day's open int 13,120 (13,031)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	89.63	89.68	89.50	89.73
Dec	89.65	89.70	89.50	89.84
March*	89.48	89.52	89.37	89.60
June*	89.23	89.23	89.17	89.39

Est volume 2,333 (1,936)
Previous day's open int 8,514 (8,269)
* £500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	105-28	105-29	105-08	105-20
Dec	105-01	105-01	104-19	104-24
March	104-12	—	—	104-03
June	103-29	—	—	103-20

Est volume 2,558 (4,238)
Previous day's open int 3,143 (3,350)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 02 to 10 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3110	1.3139	1.3090	1.3085
Dec	1.3150	1.3180	1.3150	1.3138
March	1.3200	—	—	1.3190

Est volume 40 (447)
Previous day's open int 6,698 (6,276)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3489	0.3500	0.3486	0.3477
Dec	0.3552	0.3553	0.3552	0.3530

Est volume 14 (17)
Previous day's open int 512 (307)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4199	0.4201	0.4196	0.4168
Dec	0.4272	0.4273	0.4270	0.4240

Est volume 414 (nil)
Previous day's open int 2,053 (2,053)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4162	0.4162	0.4158	0.4152
Dec	0.4220	0.4223	0.4217	0.4210

Est volume 9 (1)
Previous day's open int 188 (183)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	107.70	108.25	107.50	108.75
Dec	107.80	—	—	108.75
March	107.80	—	—	108.75

Est volume 453 (339)
Previous day's open int 1,021 (1,042)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	66-01	66-08	66-00	66-22
Dec	65-11	65-16	65-11	66-00
March	64-25	—	—	65-14

Est volume 889 (950)
Previous day's open int 1,854 (1,981)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	66-02	66-07	65-30	66-06
Dec	65-10	65-15	65-06	65-15
March	64-24	64-30	64-20	64-29
June	64-07	64-13	64-05	64-14
Sept	63-25	63-29	63-25	64-01
Dec	63-13	63-22	63-14	63-22
March	63-05	63-08	63-05	63-12
June	62-29	62-31	62-29	63-03

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.76	89.78	89.76	89.76
Dec	89.37	89.39	89.36	89.37
June	88.79	88.80	88.78	88.80
March	89.04	89.05	89.03	89.04
Sept	88.60	88.60	88.60	88.60
Dec	88.44	88.44	88.44	88.44
March	—	—	—	88.32
June	—	—	—	88.21

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.55	88.57	88.51	88.56
Dec	88.19	88.21	88.16	88.18
March	87.84	87.88	87.84	87.88
June	87.60	87.63	87.59	87.61

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.13	88.18	88.11	88.15
Dec	87.74	87.79	87.74	87.76
March	87.42	87.45	87.41	87.42
June	87.17	87.21	87.12	87.18
Sept	86.96	86.98	86.95	86.87
Dec	86.79	—	86.79	86.81

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.3125	1.3120	1.3095	1.3190
Dec	1.3170	1.3175	1.3125	1.3235
March	1.3250	1.3250	1.3210	1.3300

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	66-01	66-02	65-27	65-30
Dec	65-10	65-10	65-04	65-06
March	64-12	64-12	64-12	64-11
June	—	—	—	63-19
Sept	62-31	62-31	62-30	62-31
Dec	—	—	—	62-14
March	—	—	—	—
June	—	—	—	61-22

Company Notices

REPUBLIC OF COSTA RICA LOAN

FLOATING RATE BONDS APRIL 1978-1985
OF U.S.$1,000 EACH

NUMERICAL LIST

(1) of the series including the 2,220 bonds drawn at the eighth drawing of lots on August 8, 1984, representing the entire nominal amount of U.S.$2,220,000 to be redeemed as at October 15, 1984.
1 to 2,144
6,765 to 6,979
15,305 to 15,461
19,902 to 20,000

(2) of the series previously drawn by lot among which are bonds not yet presented for reimbursement.
Drawing of lots 20th August 1981 —Reimbursement 13th October 1981
17,479 to 19,698
Drawing of lots 16th February 1982 —Reimbursement 13th April 1982
15,462 to 17,478
19,699 to 19,901
Drawing of lots 20th August 1982 —Reimbursement 13th October 1982
3,283 to 5,502
Drawing of lots 15th February 1983 —Reimbursement 13th April 1983
2,145 to 3,282
5,503 to 6,764
Drawing of lots 19th August 1983 —Reimbursement 13th October 1983
10,865 to 13,084
Drawing of lots 15th February 1984 —Reimbursement 13th April 1984
13,085 to 15,304

These bonds will be redeemable at U.S.$1,000 at FRENCH AMERICAN BANKING CORPORATION in NEW YORK and at the offices of the following establishments:
— BANQUE NATIONALE DE PARIS — PARIS
— BANQUE NATIONALE DE PARIS (LUXEMBOURG) S.A. — LUXEMBOURG
— BANQUE INTERNATIONALE A LUXEMBOURG S.A. LUXEMBOURG
— MERRILL LYNCH INTERNATIONAL BANK LIMITED — LONDON.

Outstanding amount, taking into consideration securities previously repurchased:
U.S.$2,240,000

Electricite de France E.D.F.

US$400,000,000
Floating Rate Notes due February 1999

The applicable interest rate for the period beginning on August 23 1984 and ending on February 25 1985 as fixed by the reference agent is 12⅝ per cent per annum on US$639.38 by the denomination of US$10,000.

HOME BREWERY PLC

Cumulative Preference Shares

NOTICE IS HEREBY GIVEN that the Transfer Books of the above Company will be closed from 20th September 1984 to 30th September 1984 (both days inclusive) in order that the dividend warrants may be prepared for the half-year ending 30th September 1984.

By Order of the Board
B. DAVYS,
Secretary.

The Brewery,
Daybrook,
Nottingham NG5 6BU.
23rd August 1984.

MONEY MARKETS

UK rates firmer on dock strike fears

Interest rates were firmer in London yesterday in reaction to the possibility of a national strike by dock workers and pressure on sterling. The yield curve on most money instruments flattened appreciably from Wednesday's reverse curve, indicating the market's concern. Three-month interbank money rose to 10[15/16]-11 per cent from 10⅞-10⅞ per cent, while three-month eligible bank bills were bid at 10⅝ per cent up from 10[9/16] per cent. Overnight interbank money traded between 13 per cent and 11 per cent.

The Bank of England forecast a shortage of around £500m with factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £198m and the unwinding of previous sale and repurchase agreements a further £164m. In addition Exchequer transactions drained £100m and there was a rise in the note circulation of £20m. Also banks brought forward balances £40m below target.

The forecast was revised to a shortage of around £550m and the Bank gave assistance in the morning of £265m. This comprised purchases of £18m of eligible bank bills in band 1 (up to 14 days) at 10⅝ per cent and £100m in band 2 (15-33 days) 63 days) it bought £82m of eligible bank bills at 10⅝ per at 10⅝ per cent. In band 3 (34- cent and in band 4 (64-91 days) £10m of Treasury bills and £55m of eligible bank bills all at 10⅝ per cent.

In the afternoon the Bank gave additional help of £54m comprising purchases of £3m of eligible bank bills in band 1 at 10⅝ per cent and £26m in band 2 at 10⅝ per cent. In band 3 it bought £5m of eligible bank bills at 10⅝ per cent and in band 4 £20m of eligible bank bills at 10⅝ per cent. The Bank also provided late assistance of £100m, making a total of £419m.

In Paris call money fell to its lowest level for three and a half years to 10[11/16] per cent. This is down from Wednesday's level of 11 per cent and is also the lowest level so far achieved under the Presidency of M Francois Mitterrand. Since his successful election in May 1981, rates have risen to 20 per cent in an effort to curb speculative selling in the French franc. Over the past 18 months however rates have been steady at just below 13 per cent.

MONEY RATES

Aug. 23	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.45-5.55	10[11/16]	1½-2½	6¾-6⅞	6.96875	10¼-16⅝	11.50	19¼-12½
One month	5.7-5.85	11⅛-11¼	4¾-4⅞	6-6[1/16]	6.34375	10¼-16⅝	11¼-11½	12⅝-12⅞
Two months	5.75-5.90	11⅛-11¼	—	—	—	—	—	12⅞-13⅛
Three months	5.80-6.05	11⅛-11¼	4[13/16]-5[1/16]	6¼-6⅜	6.28125	16⅛-16⅞	11⅛-11⅜	13-13¼
Six months	6.05-6.20	11⅜-11½	—	6⅝-6¾	—	—	11⅛-11⅜	13⅝-13⅝
Lombard	0.0	—	—	—	—	—	—	—
Intervention	—	11¼	—	6¾	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Aug. 23 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11—13	11-11¼	11¼-11½	10⅞-11½	—	—	—	—	—
2 days notice	—	—	10⅞-11	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10[15/16]-11¼	10⅞-11	11¼-11⅜	10¾-11	—	—	—	—	—
One month	10[11/16]-10⅝	10[15/16]-11	10⅞	11⅛-11¼	10⅝-10½	10[9/16]	10⅜	10[9/16]	10⅝	11[1/16]
Two months	10[11/16]-10⅝	10[15/16]-11	10¾	11⅛	10⅛-10¼	10¼	10[5/16]	10¼	10[5/16]	10⅞
Three months	10⅝-10½	10[15/16]-11	10¾	11⅛	10-10⅛	10⅛	10[5/16]	10⅛	10[15/16]	10¾
Six months	10⅛-10⅜	10[15/16]-11	10¾	—	—	—	—	0[5/16]-10	0[5/16]	10[5/16]
Nine months	10[5/16]-10⅜	10[15/16]-11	—	—	—	—	—	—	—	—
One year	10[5/16]-10⅝	10[15/16]-11	10¾	—	—	—	—	—	—	—

[illegible]

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. August 23)

3 months U.S. dollars: bid 11 13/16 | offer 11 15/16

6 months U.S. dollars: bid 12 1/8 | offer 12 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

Treasury Bills

[illegible]

Treasury Bonds

[illegible]

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 22, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of August 22 at 11.00 a.m.
3 months: 12 6 months: 12[3/16]

ECU=$US.774562 SDR1=$US1.01595
Sibor as of August 22 at 11.00 a.m.
3 months: 12 6 months: 12[3/16]

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	7.7076
Algeria	Dinar	5.001
Andorra	Fr. Franc	8.8805
	Sp. Peseta	165.20
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	69.551
Australia	Dollar	1.1583
Austria	Schilling	20.309
Azores	Port. Escudo	151.00
[illegible]	[illegible]	[illegible]
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.8805
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	82.7345
Guinea Rep.	Syli	24.3076
Guyana	Dollar	3.75
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.848
[illegible]	[illegible]	[illegible]
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	443.50
Peru	Sol (o)	3720.30
Philippines	Peso (5)	18.06
Pitcairn Is.	N.Z. Dollar	1.9988
Poland	Zloty (D)	113.04
Portugal	Escudo	151.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
[illegible]	[illegible]	[illegible]

[illegible]

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 23.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	94⅞	95⅜	−0⅛	−0½	12.63
All Nippon Airways 14 94	100	108½	109	−0⅛	+0⅛	12.40
American Savings 12 89	125	93⅞	94⅞	−0⅛	−2⅜	13.76
American Sav 12¼ 89	100	95⅛	00⅛	−0½	−1½	13.44
Australian Ind Dev 11 89	25	94½	94⅞	−0⅛	+0⅛	12.68
Austria Rep 13⅝ 92	100	103	103½	−0⅛	+0⅛	12.92
Bank of Tokyo 13⅝ 91	100	100⅞	101¼	−0⅛	+0⅛	13.37
C.H.C.A. 13¼ 91	100	99⅞	100⅛	+0⅛	+1⅛	13.25
Coastfed Int 12¼ 88	125	96¼	96¾	−0⅛	−0⅛	13.45
Creditanstalt 13½ 91	100	97⅞	98⅜	−0⅛	+0½	13.53
D.N.C. 11⅜ 91 WW	50	†98⅛	99⅛	0	−0⅛	14.04
D.N.C. 11⅜ 91 XW	50	†89⅞	90⅛	0	−0⅛	14.17
Denmark Kingdom 12 91	100	94¼	94¾	−0⅛	+0⅛	13.26
Denmark Kingdom 13 91	100	98⅞	99⅜	0	+0⅛	13.17
Denmark Kingdom 14 91	100	104⅞	105½	−0⅛	+0⅛	12.87
E.D.C. 11⅛ 89	150	95	95⅛	−0⅛	+0⅛	12.52
E.I.B. 12½ 90	100	97⅞	98⅛	−0⅛	0	13.01
E.I.B. 12⅞ 94	100	98	98½	−0⅛	−0⅛	13.17
Eurofima 12¼ 91	100	97¾	98¼	−0⅛	+0⅛	12.93
Ex-Im Bk Japan 13¼ 91	75	102⅜	102⅞	−0⅛	−0½	12.63
First Michigan 13¼ 89	125	99⅛	99⅝	−0⅛	−0⅛	13.37
Florida Fed Sav 12⅞ 89	100	95¼	95¾	−0⅛	−0⅛	13.68
Gen Elec Credit 0 86	600	27¼	27⅝	+0⅛	0	11.52
Gen Elec Credit 11 91 WW	200	95	95½	−0⅛	−0⅛	12.08
Genossen Zentral 14 91	100	102¼	102¾	−0⅛	0	13.39
GMAC O/S Fin 13 86	200	100⅞	101⅜	−0⅛	−0⅛	12.23
Gulf & Western 12¼ 89	100	92¾	93¼	−0⅛	−0⅛	14.27
Indust Bk Japan 11½ 89	125	94⅛	94⅝	−0⅛	+0⅛	13.13
Indust Bk Japan 13⅞ 91	125	106⅞	106⅞	+0⅛	+1	12.37
Japan Air Lines 12½ 94	70	97½	98	+0½	+0⅛	12.39
L.T.C.B. 13⅝ 91	125	101	101⅛	−0⅛	−0⅛	13.32
Macy O/S 11¾ 91	100	96⅝	97⅛	−0⅛	0	12.42
Mitsui Trust Fin 12 91	100	92½	94	−0⅛	+0⅛	13.46
Montreal, City 12½ 91	70	95⅛	96⅛	−0⅛	+0⅛	13.44
Morgan Guaranty 12¼ 89	150	96⅞	96⅞	0	+0⅛	13.21
Newfoundland Prov 13 91	75	99⅛	100⅛	−0⅛	+0⅛	12.96
Nippon Cred Bk 13⅞ 89	100	101⅞	102⅜	−0½	0	13.23

	Issued	Bid	Offer	Change on day	Change on week	Yield
Tokai Asia 12⅛ 91	100	94½	95	−0⅛	−0⅛	13.47
Tokyo Met 12⅛ 94	50	98⅞	99⅞	−0½	−0¼	13.03
World Bank 11⅞ 89	200	95¼	95¾	−0⅛	+0⅛	12.71
Yasuda TstFin 12⅜ 89	100	95½	96	−0⅛	+0⅛	13.52

Average price change On day −0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7¼ 94	125	99¾	100½	0	+1	7.47
Amex Int'l 8¼ 91	100	100¾	101¼	−0⅛	−0⅛	8.06
A.N.A.S. 8½ 91	150	100⅛	100⅝	−0⅛	+0⅛	8.40
Austria Republic 7⅝ 94	200	96¼	97¼	+0½	+1⅛	8.10
Baxter Travenol 7¼ 94	200	96¼	97¼	+0⅛	+0⅛	7.66
Credit National 8⅛ 94	200	99⅛	99⅞	+0⅛	+1⅛	8.10
Degussa Int Fin 7½ 94	100	100⅝	101⅛	+0⅛	+0⅛	7.34
E.E.C. 8 92	200	99⅞	99⅞	−0⅛	+0⅛	8.06
E.I.B. 8 91	250	100⅛	100⅝	+0⅛	+0⅛	7.92
Escom 8 92	150	98½	99	0	−0⅛	8.21
Ferrovie Dello Stato 8 91	100	99½	99⅞	−0½	+0⅛	8.11
Finland Rep 7½ 91	150	97¼	98	−0⅛	+1	7.86
Gould Int Fin 7⅝ 91	100	98⅝	99⅛	+0⅛	+0⅛	7.84
Int Standard Ele 7⅛ 90	100	99⅞	100⅜	+0⅛	+0⅛	7.31
Ireland 8⅛ 92	150	98⅜	98⅞	−0⅛	0	8.36
Japan Fin Corp 7⅝ 91	100	99⅛	99⅝	+0½	+0⅛	7.74
Megal Fin 8⅛ 94	150	99½	100⅛	+0⅛	+0⅛	8.20
Mitsubishi Hvy 3¼ 89WW	300	99½	100⅛	−0⅛	+1⅛	3.47
Mitsubishi Hvy 3½ 89XW	300	86⅞	87⅛	−0⅛	+0⅛	8.81
O.K.B. 7½ 89	100	99	100	0	+0½	7.63
Pepsico O/S Fin 7¼ 94	250	99⅛	99⅝	0	+1⅛	7.32
Reynolds O/S Fin 7⅜ 94	125	99⅜	100½	−0½	+1⅛	7.47
Societe Cent Nucleair 8 91	100	100¼	100⅝	+0½	+0⅛	7.90
Sth Africa Rep 8½ 91	200	100½	101¼	+0⅛	+0½	8.32
World Bank 7⅝ 90	100	99⅛	100⅛	+0⅛	+0½	7.73
World Bank 9 94	200	98½	99⅛	−0½	+0⅛	8.08

Average price change On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 6¼ 94	100	†101	101⅛	+0⅛	+0½	6.09

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OVER-THE-COUNTER

Continued from Page 22

Stock	Sales (Hnds)	High	Low	Last	Chng
Nelson s	111	12	11¼	12	
NwkSec	148	6½	6¼	6¼	−¼
NwwkS	1508	28¼	27⅝	27¼	−½
Neutrg s	10	30	29½	29⅝	−⅛
NBrunS	73	8½	8⅛	8½	+⅛
NE Bu s .48	33	30½	30	30	
NyAirl	5	4	3⅞	3⅞	
Newpt c	91	24	23½	24	+½
NwpPh	313	4½	4¼	4¼	−⅛
NiCal q	201	3⅞	3⅛	3⅛	−⅛
RpAuto .44	8	8⅛	8⅛	8⅛	
RpHlth	172	16⅛	16⅛	16⅛	
RestrSy	78	13½	13¼	13½	−½
Reuter .15e	6	11½	11⅛	11⅛	−½
ReutrH	155	19¼	19	19⅛	
Rexon	59	5⅝	5¼	5⅝	+¼
Rhodes s .20	00	11	10¼	10⅝	−⅛
Ribilm	144	10⅝	10⅛	10½	−⅛
Ritzys	205	5½	5	5½	−¼
Systmt s .02	4	16½	16	16½	
SCT Cp	32	28½	28	28¼	−¼

T—T

Stock	Sales (Hnds)	High	Low	Last	Chng
TBC	8	9	9	9	
TCA Cb .12	347	14¼	13¼	14½	+½
TacViv s	18	9	8½	8½	−¼
Tandem	5716	15⅛	14⅝	15⅛	+¼
Tandon	8905	10	8¾	9	−1
TcCom	10	9	9	9	−½
Telco	7	17½	17	17	−½
YlowFt 1	339	31½	31¼	31½	+¼
ZenLbB	130	17	16¼	17	
Zentec	1	4½	4½	4½	
Ziegler .44a	288	10¼	10¼	10½	
ZionUt 1.24	236	30½	30	30½	+½
Zitel	19	7½	7¼	7½	
Ziyad	4	12	12	12	+¼
Zondvn .34	81	15¼	15⅛	15⅛	−⅛
Zymos	30	3⅝	3½	3⅝	+⅛
Zytrex	769	5	4⅝	4⅞	+⅛

Nordic Investment Bank launches zero coupon bond

BY MAGGIE URRY IN LONDON

NORDIC INVESTMENT Bank yesterday became the third borrower within 10 days to launch a zero bond coupon and dealers presume it will also take advantage of the swap formula used by the Swedish Export Credit last week.

NIB's zero is small – its face-value is $150m and, with a 31.75 price, it raises only $47.625m.

Like the SEK and Electricité de France issues, NIB's has a 10-year maturity. The lower price reflects the less well-known name. Again, Morgan Guaranty is lead manager, as with EdF, and Banque Paribas and Daiwa Europe are co-leads, illustrating the areas where the bonds will largely be sold.

The issue traded at around 1 point discount, inside its gross fees of 1¼ per cent. At the issue price the yield to maturity is 12.16 per cent. Less the gross fees, the yield is 12.61 per cent.

Only one floating rate note appeared yesterday after Wednesday's bonanza. It was a Euromarket debut for the Washington D.C. bank Riggs National and raised $50m. The 12-year note was priced by Morgan Stanley with a yield of ⅛ per cent over three-month London interbank offered rate (Libor) and total fees of 2¼ per cent.

The new name took a little time to get moving, but the issue traded inside its total fees. Co-leads are Banque Paribas and Salomon Brothers.

The latest Japanese convertible, a $70m 15-year issue for security company Secom, traded well at around 101 compared with a par issue price and total fees of 2½ per cent.

Eurodollar bonds were weaker following the fall in New York on Wednesday and prices fell around ⅜ point. Dealers were already getting their books straight ahead of the long weekend.

The City of Winnipeg reopened the Canadian dollar sector after a month without any new issues, which has allowed demand to rebuild. Its seven-year bond carries a 12¾ per cent coupon, slightly softened by a 99¾ issue price giving a 12.81 per cent yield.

The last Canadian dollar issues had coupons around 14 per cent. Lead manager is Wood Gundy.

The issue, looking for buyers in the Benelux countries, West Germany and Austria, got off to a slow start but picked up to trade just inside total fees of 1¾ per cent.

Lloyds Bank has placed the first £10m of the £50m tap attached to its £150m Eurosterling issue launched in July. The issue sold well at the outset being increased from £100m. The remaining £40m has to be sold, if at all, by December, in minimum tranches of £10m.

In the Swiss franc market, prices were slightly better where changed in moderate turnover. A SwFr 100m public issue from Japan Finance for Municipal Enterprises, guaranteed by the Government is expected today. The yield is likely to be 5⅝ per cent for the eight-year bond. Lead manager will be SBC.

Konishiroku Photo's two convertible issues – in dollars and Swiss francs – were priced yesterday. The Eurodollar issue was given a 4 per cent coupon and 3.38 per cent conversion premium by Nikko Securities (Europe). SBC priced the Swiss franc bond with a 2⅜ per cent coupon a ⅛ per cent below the indication and a conversion premium of 3.36 per cent as well.

D-Mark bonds gained ⅛ point on average. The weaker dollar more than made up for the fall in the New York bond market.

BHF Bank bond average		
August 23		Previous
99.635		99.617
High	1984	Low
100.009		98.066

Indonesia in $500m joint yen-dollar loan

BY MARGARET HUGHES IN LONDON

IDONESIA is raising $500m on the Eurocredit market. It has awarded the mandate for the two-tranche loan to Chase Manhattan Asia, Manufacturers Hanover, Industrial Bank of Japan and Bank of Tokyo.

An amount of $200m will be raised in yen, for which Bank of Tokyo will be lead manager. The other three banks will lead manage the $300m dollar tranche for which Mannfacturers Hanover will be agent. The yen tranche will be for 10 years with a five-year grace period while the dollar portion will be an eight-year loan with 4½ year's grace.

Both tranches will be in the form of a revolving credit for the first four years converting to a standard term loan thereafter. The margin on the dollar loan will be ⅜ per cent above Eurodollar rates for the first four years rising to ⅝ per cent over the last four. The interest on the yen portion will be the Japanese long-term prime rate which will be reviewed every six months.

The froot end fee is ½ per cent and the commitment fee is a ⅜ per cent. There will also be a utilisation fee which Indooesia will have to pay one 60 per cent of the loan has been drawn. This would be a flat fee of ⅛ per cent oo the amount of the loan outstanding.

The interest margin on the credit is a little finer than on the previous $750m Euroloan raised by Indonesia earlier this year. Then it paid ⅝ per cent over Eurodollar rates and 0.2 per cent above prime in the prime tranche.

Elsewhere in Asia, the mandate has still to be awarded for the $300m loan which India's state owned National Aluminium Company Nalco is raising to cover cost overruns on its Orissa project. The deadline for bids was last Friday but it is understood that only one group, headed by Chase Manhattan Asia and including National Westminster Bank has sumbitted a fully underwritten offer. The terms are to be 0.5 per cent over Eurodollar rates for the five years rising to ⅝ per cent over the last three years of this eight-year loan.

India, however, wants as much as possible of the credit on a tax-spared basis and is seeking a margin of ⅛ per cent oo this portion. The Chase offer is understood to have been somewhat higher than this since it wants to equate the terms to those which it is proposing on the conventional tranche.

The amount of the tax-spared element is also believed to be a good deal lower than the minimum of $100m which Nalco wants. It is expected that the borrower will now delay awarding the mandate in the hope that other banks may submit offers.

Nalco is reported to have said in New Delhi that Banque Nationale de Paris (BNP), which arranged the initial financing for the project, had also submitted an offer oo the same terms as that by the Chase-led group. BNP in Paris would not comment yesterday.

● The mandate for a $325m project financing loan for the Clover Hill potash project near Sussex, New Brunswick has been awarded to Banque Indosuez, Deutsche Bank and Royal Bank of Canda. The loan will be syndicated to a limited group of banks. The project is being undertaken as a joint venture of Denison Mines and Potash Company of Canada.

Revised loan terms for UK Electricity Council

BY MARGARET HUGHES IN LONDON

BRITAIN'S Electricity Council has renegotiated the terms for the remaining four years of a 10-year $500m Euromarket loan, which it signed in September 1978.

The council, in conjunction with the UK Treasury which is guarantor for the loan, has succeeded in negotiations with Sumitomo Bank, which co-ordinated the original loan, in getting a reductioo of ⅜ of a percentage point in the interest rate that it will pay over the next four years, saving $1.875m.

Under the original terms the council was to have paid ½ per cent over Eurodollar rates for the first six years, rising to ⅝ per cent in the last four. It will now pay a margin of only ¼ of a point over the last four years. The banks involved, all Japanese, will not receive a renegotiation fee.

The council renegotiated the terms to take advantage of the easier terms now prevailing in the Euromarket. It is the first UK borrower to do so, after similar moves by other European borrowers such as Ireland, Denmark, Sweden and Italy.

The council first raised funds in the Euromarket in 1968 aod was an active borrower in keeping with general government policy for state-owned bodies until 1978. Since then, bowever, it bas more often been a premature repayer of loans than a borrower.

WEEKLY U.S. BOND YIELDS (%)

	Aug 22	Aug 15	1984 High	1984 Low
Composite Corp. AA	13.14	13.18	14.23	12.19
Government:				
Long-term	12.45	12.66	13.80	11.51
Intermediate	12.53	12.57	13.79	11.33
Short-term	12.26	12.29	13.22	10.70
Municipal	10.06	9.84	11.14	9.48
Industrials AAA	12.48	12.50	13.66	11.79
Industrials AA	13.01	13.09	14.13	12.02
Utilities AA	13.28	13.28	14.48	12.38
Preferred Stocks	11.66	11.65	12.17	11.07

Source: Standard & Poor's

Indices

NEW YORK-DOW JONES

	Aug 23	Aug 22	Aug 21	Aug 20	Aug 17	Aug 16	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1232.44	1231.78	1233.73	1218.98	1211.80	1208.14	1286.64 (6/1)	1086.57 (24/7)	1287.70 (18/11/83)	41.22 (2/7/32)

	Aug. 23	Aug. 22	Aug. 21	Aug. 20	1984 High	1984 Low
AUSTRALIA						
All Ord. (1/1/80)	747.9	751.9	753.3	755.5	787.9 (9/1)	646.8 (18/6)
Metal & Minls. (1/1/80)	478.8	483.7	470.9	471.4	567.4 (5/1)	404.3 (24/7)
AUSTRIA						
Credit Aktien (2/1/62)	55.28	55.25	55.33	55.88	58.21 (2/1)	53.20 (10/8)
BELGIUM						
Belgian SE (31/12/63)	155.58	154.78	152.25	150.60	158.25 (7/5)	135.28 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	192.65	192.10	192.86	192.89	225.21 (20/1)	179.27 (1/6)
FRANCE						
CAC General (31/12/82)	168.7	165.7	165.4	162.8	181.7 (3/5)	150.0 (0/1)
Ind Tendance (30/12/83)	107.7	107.8	105.8	105.0	115.0 (3/5)	98.4 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	337.97	341.39	341.05	340.85	370.84 (2/2)	317.17 (25/7)
Commerzbank (1/12/53)	982.6	995.9	992.4	988.1	1058.5 (2/2)	917.7 (25/7)
HONG KONG						
Hang Seng Bank(31/7/64)	891.12	907.93	907.49	886.90	1170.35 (10/3)	746.02 (18/7)
ITALY						
Banca Comm Ital. (1972)	219.40	219.79	216.54	217.59	229.67 (1/2)	192.06 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	10645.6	10586.5	10496.9	10565.5	11,190.17 (4/5)	9703.35 (25/7)
Tokyo SE New (4/1/68)	915.05	915.39	913.39	918.16	976.82 (2/4)	750.45 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	165.0	164.8	162.6	160.6	176.8 (1/2)	148.8 (24/7)
ANP-CBS Indust (1970)	132.1	131.8	129.8	128.7	147.2 (1/2)	118.7 (16/6)
NORWAY						
Oslo SE (4/1/83)	265.47	294.44	258.58	260.05	298.70 (9/5)	221.67 (4/1)
SINGAPORE						
Straits Times (1966)	882.28	940.80	935.19	935.67	1071.81 (2)	867.28 (12/7)
SOUTH AFRICA						
Gold (1958)	(u)	993.8	978.7	(u)	1075.8 (3/6)	758.1 (24/7)
Industrial (1958)	(u)	898.5	900.1	900.2	1105.8 (26/3)	862.2 (7/8)
SPAIN						
Madrid SE (30/12/83)	139.40	138.69	139.90	139.44	141.05 (8/8)	101.82 (9/1)
SWEDEN						
Jacobson & P. (1/1/58)	1526.50	1534.68	1526.15	1,518.75	1594.5 (8/2)	1,380.80 (29/6)
SWITZERLAND						
SwissBank Cpn.(31/12/58)	381.5	382.4	380.5	382.2	398.5 (3/1)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	184.7	184.9	185.5	190.6 (5/6)	164.8 (24/7)

** Saturday August 18: Japan Nikkei-Dow 10,485.3. TSE 912.85.

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.